Daily Report

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FBIS-SOV-95-028 *10 February 1995*

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Reportage, Commentary on Almaty CIS Summit Meeting

President Yeltsin Departs for Almaty

LD0902093795 Moscow ITAR-TASS World Service in Russian 0925 GMT 9 Feb 95

[FBIS Translated Text] Moscow, 9 Feb—On 9 February, Russian President Boris Yeltsin departed for Almaty in order to participate in the meeting of the CIS heads of state that begins on 10 February.

Grachev Leaves for Almaty

LD0802153795 Moscow ITAR-TASS in English 1450 GMT 8 Feb 95

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Transcribed Text] Moscow February 8 TASS—Russian Defence Minister Pavel Grachev left for Almaty today to attend the meeting of CIS defence ministers. The ministers are expected to discuss the preparation for celebrations of the 50th anniversary of the victory in World War II. A particular subject will be an equal share of honours, social security and benefits for war veterans in the CIS states.

This subject was addressed by February 3 session of the Russian Defence Ministry's board. According to the ministry, educational structures of the Russian armed forces had been carrying out a programme of victory celebrations and fostering allegiance to the nation, vow and duty in troops.

The Russian Defence Ministry says more efforts are required for social and moral support of war veterans.

Uzbek Leader Declares Support for CIS

LD0902224995 Moscow ITAR-TASS World Service in Russian 1557 GMT 9 Feb 95

[By ITAR-TASS correspondents Oleg Velichko and Andrey Shtorkh]

[FBIS Translated Text] Almaty, [no date as received]—"Uzbekistan is in favor of strengthening and developing the CIS," Uzbek President Islam Karimov said on arriving in Almaty airport today.

He is convinced that the CIS is the "only formation that needs support and strengthening" today. In this context, Islam Karimov said that the idea of a Eurasian union or any other initiative aimed at rivalling the CIS was nonviable.

CIS Summit Opens; Yeltsin Meets Shevardnadze

LD1002061295 Moscow Mayak Radio Network in Russian 0500 GMT 10 Feb 95

[FBIS Translated Text] First, some news of the most important event of today, the meeting of the heads of state and government in Almaty. Here is our observer, Yuliy Semenov, directly on the air with a report by telephone:

[Semenov] Good morning. The meeting of the heads of countries of the Commonwealth of Independent States started approximately an hour ago in the [word indistinct] building of the Kazakh president's residence. It is the first time that he has received guests here. The [word indistinct] work had started even earlier. There were already meetings of the foreign affairs ministers, defense ministers, and the commanders of the frontier guards.

The countries' leaders also met one another. Early this morning, Boris Yeltsin met Eduard Shevardnadze. Individual meetings of presidents and prime ministers are currently taking place behind closed doors; then there will be a plenary session and the signing of documents.

The heads of government are examining economic issues, and the heads of state are examining military and political issues, of which the most important one is probably the problem of the joint guarding of the outer frontiers of the Commonwealth. Of the economic issues, the main document is the one on the fundamentals of customs legislation.

Particular opinions have been expressed with regard to the guarding of the external frontiers. Azerbaijan and Turkmenistan are categorically opposed to the joint guarding of the frontiers as this threatens their independence. For the moment, Ukraine has not made its stand completely clear.

One must say that Turkmenistan is taking a particular stand with regard to other issues; even the president of Turkmenistan did not come here. He is said to be ill, and Turkmenistan is represented by the head of the parliament.

[Kazakh President] Nursultan Nazarbayev uttered a short message of greeting at the meeting of heads of state. Then CIS Chairman Boris Yeltsin gave a speech. He said that the main thing was to take steps toward strengthening the Commonwealth and that the results of last year do not give grounds for satisfaction. There have been a lot of accords, but no results can be seen yet—in the economy, that is. In his opinion, there may be a breakthrough this year in practical integration. Political will is needed for that. As far as Russia is concerned, it is not forcing itself on anyone; it respects the views of independent states as well. However, what they have decided to do must be done.

The discussion and signing of the documents should be completed by the middle of the day. I think we will be able to tell you about the results of the meeting during the evening "Panorama".

Yuliy Semenov from Almaty.

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Kozyrev Comments on Proceedings

LD0902211695 Moscow ITAR-TASS World Service in Russian 2025 GMT 9 Feb 95

[By ITAR-TASS special correspondents Oleg Velichko and Andrey Shtorkh: "The Maturity of the Commonwealth of Independent States is Taking Concrete Form"]

[FBIS Translated Text] Almaty, 9 Feb—This was how Russian Foreign Minister Andrey Kozyrev summed up today's meeting of the Council of Foreign Ministers of the CIS in Alma-Ata. The meeting was also attended by representatives of the Commonwealth's Council of Defense Ministers and Council of Border Commanders.

Andrey Kozyrev told journalists that those at the meeting had given their full backing to Kazakh President Nursultan Nazarbayev's proposal to adopt a document on stabilization and security within the CIS. The foreign ministers decided to recommend to their presidents that they adopt such a document in the form of a memorandum when they take their seats at the negotiating table on the morning of 10 February. Andrey Kozyrev expressed the opinion that this would "contribute toward stabilizing the situation and developing trust between our countries."

One of the main topics during today's meeting of foreign ministers was the issue of a joint program in respect of the Commonwealth's external borders. According to Kozyrev "it concerns a draft blueprint on guarding external borders by the border troops of CIS states, and a draft treaty on cooperation in guarding the external borders of the CIS countries." The Russian minister noted that all the states have an interest in guarding the borders, and these actions need to be coordinated on both a bilateral and multilateral basis.

The Council of Foreign Ministers recommended that the heads of state consider the draft blueprint on guarding external borders and the corresponding draft treaty. Andrey Kozyrev noted that, if they are approved at tomorrow's meeting, the heads of the foreign and defense ministries, and also the commanders of the border troops of the CIS countries, will finalize the drafts of these documents so that they can be adopted in their final form at the next meeting.

Azerbaijan and Ukraine expressed their disagreement with the blueprint for the joint guarding of external borders. Uzbekistan has also adopted a special position on this issue.

'Key' Aspects of Cooperation Discussed

LD1002084795 Moscow ITAR-TASS in English 0748 GMT 10 Feb 95

[FBIS Transcribed Text] Almaty February 10 TASS—Some 15 key problems were discussed at a morning session of the CIS Council of Heads of Government, which are expected to be submitted for the consideration of the CIS summit that opened here today.

The session of the Council, which was chaired by Russian Prime Minister Viktor Chernomyrdin, discussed matters connected with the coordination of efforts of the CIS member states in the socio-economic sphere, specifically, the draft conceptual framework of mutual legal regulation of economic relations of member states of the economic alliance, as well as prospects of the creation of an interstate relief fund for refugees and an interstate council for social security of people, affected by irradiation.

The discussion of such important problems as the improvement of the tariff policy of the CIS member states in the sphere of the interstate transport communication and payment transactions, connected with it, went on in a constructive way.

It was decided to create an interstate coordinating centre for perpetuating the names of those who defended their homeland and to hold an anniversary meeting of delegations of war and labour veterans from the former USSR republics and countries of the anti-Hitler coalition.

Yeltsin: 1994 CIS Results 'Unsatisfactory'

LD1002092495 Moscow ITAR-TASS in English 0825 GMT 10 Feb 95

[By ITAR-TASS correspondents Oleg Velichko and Andrey Shtorkh]

[FBIS Transcribed Text] Almaty February 10 TASS—The main purpose of today's meeting is to map out further measures to strengthen our cooperation", Russian President Boris Yeltsin told a meeting of the heads of CIS states here today.

The president assessed the joint work of the Commonwealth of Independent States in 1994 as unsatisfactory. "I deem it necessary to state most frankly that the results of the past year were unsatisfactory," the Russian leader stressed. "We have many agreements on cooperation, but they are not being implemented and have yielded no tangible results. This refers primarily to the main sector, I mean the economy," he added.

Suggesting the strategy for the work of the CIS this year, Yeltsin said: "this year we must achieve a breakthrough towards practical integration. This is what we lack. But this breakthrough will be possible only if there is a political will to achieve it and a clear-cut realisation that there is no alternative to the course of integration and consolidation of the commonwealth." Moreover, the president stressed once more: "please understand me correctly: Russia is not foisting anything on anybody. It respects the will and decisions of every CIS nation. It simply appears to us that if we adopt decisions, they must be implemented, and this refers, for instance, to the CIS inter-state economic committee. The solution of technical problems is being dragged out. And it is absolutely impossible to understand why nobody was found for several months to head the collegium of the interstate economic committee."

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Calls For Constructive Cooperation

LD1002072895 Moscow ITAR-TASS in English 0717 GMT 10 Feb 95

[By ITAR-TASS correspondents Oleg Velichko and Andrey Shtorkh]

[FBIS Transcribed Text] Almaty February 10 TASS—President Yeltsin expressed confidence today that there is no alternative to a policy of integration and consolidation of the Commonwealth of Independent States. Opening the CIS summit, he stressed the need for political will and a clear understanding of this fact. He urged participants in the summit to "understand in a correct way Russia's attitude: It is not imposing anything to anybody. It respects the will and decisions of every CIS member state."

Yeltsin criticised the activities of the CIS heads of state and stressed that since common decisions are taken, they should be put into effect. "This refers, specifically, to the Interstate Economic Committee. Technical matters take too long to be settled, and it is especially difficult to understand why a person to occupy the post of chairman of the committee's collegium cannot be found for several months," he said.

Says All Problems Resolved

LD1002091895 Moscow ITAR-TASS in English 0826 GMT 10 Feb 95

[By ITAR-TASS correspondents Oleg Velichko, Andrey Shtorkh]

[FBIS Transcribed Text] Almaty February 10 TASS—"We resolved today all the problems, which were included in the agenda of the CIS summit, and signed all the documents," President Yeltsin said, addressing journalists after the ceremony of signing bilateral Russian-Moldovan documents.

The two states signed a protocol to the treaty on principles of interstate relations between RSFSR [Russian Soviet Federative Socialist Republic] and Moldova, dated September 22, 1990. The signing ceremony was held during a break between two separate sessions of the Council of Heads of State and the Council of Heads of Government.

Touching upon economic problems, which were discussed at the separate sessions of the two councils, Yeltsin singled out two key issues: "First, the interestate economic committee and, second, the implementation of the economic agreements, signed before. This is our weak point. There was a very serious discussion at the session about ways of strengthening it and ways of putting those economic agreements into effect."

Responding to a question of ITAR-TASS about the appointment of a chairman of the collegium of the Interstate Economic Committee, Yeltsin said that a candidate to that post would be discussed at a joint session of heads of state and government. "It was suggested that Russian Deputy Prime Minister Aleksey Bolshakov should be elected its chairman for the intermediary period," Yeltsin said.

Yeltsin Re-elected as Council Chairman

LD1002082695 Moscow ITAR-TASS World Service in Russian 0749 GMT 10 Feb 95

[FBIS Translated Text] Almaty, 10 Feb (ITAR-TASS)—Those taking part in the sitting of the Council of CIS Heads of State have elected Russian Federation President Boris Yeltsin chairman of the Council of CIS Heads of State for a second term of one year. This step is unprecedented in the history of the Commonwealth and is an exception—it was not even envisaged in the rules of the CIS.

The sitting of the Council of CIS Heads of State is continuing, although it was planned to end at 1200.

Chernomyrdin Foresees Economic Union

LD1002112095 Moscow ITAR-TASS World Service in Russian 1046 GMT 10 Feb 95

[By ITAR-TASS special correspondents Oleg Velichko and Andrey Shtorkh]

[FBIS Translated Text] Almaty, 10 Feb—An economic union of CIS states will be founded sooner or later. At a news conference today, Russian Government Chairman Viktor Chernomyrdin said that he is confident this will happen. The present summit is one more step in this direction. In confirmation of his words, the prime minister referred to 13 signed agreements aimed at the integration of the CIS countries. Among them, Viktor Chernomyrdin singled out documents on the creation of a unified system of standardization, on interaction among CIS countries in the sphere of railway transport, and on the regulation of economic relations.

Further, Viktor Chernomyrdin touched on the question of preparations for the celebration of the 50th anniversary of Victory in the Great Patriotic War. "The 50th anniversary of our people's victory over fascism, which will be marked this year, is a significant date," Viktor Chernomyrdin said. "We, their successors, will duly give thanks to those who achieved this victory." The prime minister said that Boris Yeltsin has invited all CIS leaders to participate in the celebrations.

Bolshakov Suggested as Interim Chairman

LD1002094795 Moscow ITAR-TASS in English 0730 GMT 10 Feb 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Transcribed Text] Almaty February 10 TASS—"Deputy Chairman of the Russian Government Aleksey

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Bolshakov should become chairman of the CIS Interstate Economic Committee for the intermediate period," Yeltsin told ITAR-TASS.

Aleksey Bolshakov, 55, has been Russian deputy prime minister since 1994.

Bolshakov Appointed Chairman

LD1002102695 Moscow ITAR-TASS World Service in Russian 0943 GMT 10 Feb 95

[By ITAR-TASS special correpondent Oleg Velichko]

[FBIS Translated Text] Almaty, 10 Feb—Russian First Vice Premier Aleksey Bolshakov has been appointed chairman of the CIS Inter-state Economic Committee (IEC) Collegium. This was announced by Kazakhstan's President Nursultan Nazarbayev at a news conference devoted to the results of a session of the Commonwealth heads of state. The question of the appointment of the chairman of the IEC Presidium remains open.

According to Nazarbayev, heads of state "decided on a two-week delay to make the final selection of a candidate."

Aleksey Bolshakov is 55 years old. He has been a vice premier since 1994.

Foreign Ministers View Defense, Border Issues

LD0902212295 Moscow ITAR-TASS in English 2037 GMT 9 Feb 95

[FBIS Transcribed Text] Almaty February 9 (TASS)—The foreign ministers of the Commonwealth member states conferred with representatives of the Defence Ministries and border services behind closed doors in Almaty on Thursday night.

The conference, which covered an extensive range of issues, ended close to midnight and, according to Russian Foreign Minister Andrey Kozyrev and his Kazakh counterpart Qasymzhomart Toqayev, revealed a similarity of views on practically most of them.

Participants expressed the desire to fill the earlier-reached bilateral and multilateral understandings with specific substance and to adopt documents on maintaining peace and stability in the Commonwealth of Independent States and on joint protection of the Commonwealth's external borders.

While expressing interest in the due protection of the borders, Azerbaijan and Ukraine, however, expressed disagreement with the concept of the joint protection of the external borders of the Commonwealth. Uzbekistan also formulated a special position in this respect.

Both problems were recommended for discussion at the CIS summit. Kozyrev said that if the heads of state approved of the concept, the leaders of Foreign and Defence Ministries and commanders of the border troops would meet again to finalise the docuements for approval at the next summit.

Defense, Border Pacts Initialled

LD0902184295 Moscow ITAR-TASS World Service in Russian 1742 GMT 9 Feb 95

[By TASS-KAZTAG correspondent Gennadiy Lunev]

[FBIS Translated Text] Almaty, 9 Feb—Pavel Grachev and Saghadat Nurmaghambetov, defense ministers of Russia and Kazakhstan, respectively, told a KAZTAG correspondent about satisfaction with the results of the talks held at the meeting of the council of CIS defense ministers, which ended in Almaty late this evening. The meeting, held behind closed doors, examined the issue of setting up a joint commonwealth air-defense system and a concept of protecting CIS external borders by border troops of its member-countries.

The ministers said both documents had been discussed and initialled by the majority of meeting's participants, except for Azerbaijan, Belarus, and Turkmenistan. According to representatives of these republics, however, they will sign the documents by next morning, too.

Joint Heads of State, Heads of Government Meeting Opens

LD1002092395 Moscow ITAR-TASS World Service in Russian 0817 GMT 10 Feb 95

[By unidentified ITAR-TASS correspondent]

[FBIS Translated Text] Almaty, 10 Feb—A joint sitting of the CIS Council of Heads of State and the Council of Heads of Government has just begun here. It is chaired by the President of Kazakhstan Nursultan Nazarbayev.

Addressing the meeting participants, the head of the Kazakh state gave a detailed analysis of the situation that has developed in the Commonwealth and expounded his view of the prospects for the CIS and issues connected with increasing the effectiveness of the decisions taken within its framework.

After this a discussion began of the draft documents that are to be signed.

'Sources' Claim 'Little Progress' in Georgia-Abkhazia Talks

AU0902213995 Paris AFP in English 2121 GMT 9 Feb 95

[FBIS Transcribed Text] Geneva, Feb 9 (AFP)—Talks brokered by the United Nations between Georgia and its breakaway region of Abkhazia are being extended to Friday [10 February] but little progress is reported so far, diplomatic sources said in Geneva Thursday [9 February].

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The talks began on Tuesday with the aim of defining a possible new status for Abkhazia and of enabling some 250,000 Georgians who have fled the region to return home.

Swiss diplomat Edouard Brunner, the United Nations special representative for Georgia, said in Geneva Thursday that progress was being hindered by the continuing conflict in Chechnya.

Georgia, like Russia, is determined not to tolerate the secessionist ambitions of a region it regards as part of its own territory.

Abkhazia is doing nothing to make it easy for the Georgians forced out in August and September 1993 after a year of clashes between separatists and Georgian troops deployed to crush the independence Abkhazia had declared unilaterally in July 1992.

Diplomatic sources said that a simple agreement to meet again, in Geneva or elsewhere, would be considered progress.

Yeltsin, Snegur Sign Protocol on Interstate Relations

LD1002093795 Moscow Radio Rossii Network in Russian 0900 GMT 10 Feb 95

[FBIS Translated Text] In the capital of Kazakhstan, Russia and Moldova signed a protocol on the principles of interstate relations. The document was confirmed by Boris Yeltsin and Mircea Snegur.

Helsinki Groups Urge Chechnya Talks

954F1260B Yerevan RESPUBLIKA ARMENIYA in Russian 4 Feb 95 p 1

[NOYAN TAPAN report: "National Committees of Helsinki Civil Assembly Alarmed"]

[FBIS Translated Text] Caucasian national committees of the Helsinki Civil Assembly adopted a declaration several days ago which states: "Expressing their alarm at the development of events in Chechnya that have taken so many human lives, national committees of the Helsinki Civil Assembly of Azerbaijan, Armenia, and Georgia, and the Nagorno-Karabakh committee Helsinki Initiative-92:

—Consider resolution of the problem by methods of force intolerable;

—Call on the sides in conflict to immediately enter into negotiations with respect to the entire range of issues;

—Request the Organization on Security and Cooperation in Europe, nongovernmental, peacemaking, and human rights organizations to exert their influence on the sides in the conflict with the aim of resolving the problem in the spirit of observance of human rights and international law, and of preventing the spread and internationalization of this conflict, which poses serious consequences for the entire region."

ITAR-TASS Carries Press Review for 10 Feb

LD1002134095 Moscow ITAR-TASS in English 1320 GMT 10 Feb 95

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow February 10 TASS—Russian newspapers continue to cover developments in Chechnya but news materials and situation reports increasingly often give way to articles the writers of which try to look into the sources of the conflict, find ways to resolve it, and make forecasts about the consequences of the Chechen crisis.

IZVESTIYA runs a final instalment of an analytical article headlined "Russian policy in chechnya: how it came into being, led to a war and what will be the future consequences of it" by Russian political scientists Emil Pain and Arkadiy Popov.

In the article, which has been published in the four latest issues of the newspaper, the scientists suggest in particular that "military operations be stopped without delay and the dispositions of troops on their present-day battle lines be frozen."

The two political scientists believe that the task of the federal authorities at this stage is primarily to ensure the observance of the ceasefire regime which would rule out the possibility of the extermination of the Chechen opposition by Dudayev's men.

Emil Pain and Arkadiy Popov are of the opinion that it would be good for representatives of the political leadership of the Russian Federation "to enter into negotiations with representatives of the political leadership of Chechnya only after intra-Chechen accords on principles for the organisation of administrative bodies for the transitional period are reached, pending elections".

RABOCHAYA TRIBUNA carries an article by State Duma Speaker Ivan Rybkin about the situation in Chechnya.

Rybkin writes about the complexity of the current developments there and points out that "there were instances of the violation of human rights there long before military confrontation with Russia."

The Duma speaker recalls that way back in March last year the State Duma past a resolution on measure for a political settlement of the crisis situation. "But our proposals about democratic elections there were rejected again and again while the bearers of such proposals in Groznyy were fired upon from artillery guns."

With an eye to the Almaaty meeting of the heads of state and government of CIS countries, Rybkin also touched upon his recent official visit to Belarus, during which the

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two sides discussed matters aimed at strengthening inter-parliamentary contacts, at deepening and broadening the integration processes of the two countries. "There are all conditions for a still greater conprehensive integration," Rybkin pointed out.

IZVESTIYA runs an article, headlined "Ukraine will cooperate with Russia but in a way differing from that practised by Belarus and Kazakhstan", giving a general picture of the pres/ nt-day relationships between Russian and Ukriane in various fields and orientations for their further development.

The newspaper's Kiev correspondent, mentioning the recent visit to the republic by Oleg Soskovets, Russian first vice-premier, points out that the sides "signed seven most important agreements. They initialed, at last, a treaty of friendship, cooperation and partnership. It will remain for the presidents only to clear up the issue concerning the division of the Black Sea Fleet and its bases". But already during the visit by Soskovets, the Ukrainian side agreed to the presence of the Russian Fleet in Sevastopol, the newspaper said.

KRASNAYA ZVEZDA (RED STAR) carries an interview with Sergey Glaziyev, chairman of the Parliamentary Committee for Economic Policy, who describes the situation concerning the 1995 federal budget bill on the eve of a decisive vote.

"The budget bill does not resolve any of the vital tasks facing the national economy and society now. It provides for a rather venturesome way to offset the budget deficit," the parliamentarian emphasises.

Glaziyev believes that the deputies adopted the first and second readings of such an imperfect budget bill "because of hopelessnes and fear". The State Duma, he said, is incapable of monitoring the Government. It fears a deterioration of the political situation and its dissolution, which may ensue if the deputies fail to vote in favour of the budget.

TRUD runs an itnerview with Russian Labour Minister Gennadiy Melikyan who dwelt on the minimum wage, the problem of poverty and a solution to it, and this year's incomes policy.

Last year the incomes of ten per cent of the most well-off section of the population were equal to those of 100 million of not so well-to-do people in russia, the minister said.

It is essential to bring the minimum wage closer to the subsistence one. With this end in view it is necessary to change the incomes policy and, simultaneously, the system of taxes as well, raising them, first of all, for the high-incomed groups of the population and lifting all restrictions on the wage funds of enterprises. "It is not a question of wage levelling but of a more even distribution of the burden of reforms at the present critical stage", Melikyan emphasised.

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Clinton Nomination for CIA Director Viewed

MM1002140595 Moscow KRASNAYA ZVEZDA in Russian 10 Feb 95 p 3

[Report by Mikhail Pogorelyy: "Why CIA Will Be Headed by 'Cadre Worker' and Not a 'Spy'"]

[FBIS Translated Text] According to reports from Washington President Clinton has appointed General Michael Carnes (retired) as director of the CIA and has sent a submission for the approval of his nomination to the Senate. General Carnes is not a professional intelligence officer; in the Air Force, where he served before, he was responsible for work with the personnel and was later director of the Joint Chiefs of Staff Joint Staff. By law, the CIA director and his first deputy cannot both be servicemen or have had a "civilian career" of less than 10 years since retiring. In practice that means that Admiral William Studeman, who has rich experience of work in this "speciality" must leave the post of second in command in the CIA.

Yet those close to Clinton report that the president did not even examine as possible candidates for the post of CIA director those who would seem to be the prime candidates—Les Aspin, Morton Abramowitz, and several other professionals of the "invisible front" and of parliamentary fights. At the same time the White House press service has issued information on the expansion of the powers of the commission headed by Aspin for reviewing the organizational principles of the structure of the CIA itself and of America's other special services (there are a further dozen of them) and also for reworking the priorities of their activity. They will be unified for all special services: international terrorism, the drugs business, nuclear security, and the defense of U.S. economic interests.

All this allows one to suppose that the post of CIA director is ceasing or will very soon cease to be the main one in the system of the U.S. intelligence community, which could be headed by a man like Abramowitz or Aspin—an experienced politician and professional intelligence worker with clout and substantial links in Washington. Michael Carnes is not drawn to that.... Most likely his main task will be to restore the "purity of the ranks" of the CIA, doubts over which appeared among Americans after the Aldrich Ames scandal.

Rybkin Interviewed on Ties With Poland, Chernomyrdin Visit

LD0902232095 Warsaw TV Polonia Network in Polish 2000 GMT 9 Feb 95

[Russian State Duma Chairman Ivan Rybkin interview by Correspondent Iwona Parchimowicz; from the "Panorama program, presented by Bozena Targosz]

[FBIS Translated Text] Prime Minister Viktor Chernomyrdin ought not to defer his visit to Poland any longer, President Boris Yeltsin and Russian Duma Chairman Ivan Rybkin have concluded. In an interview for the Panorama program, Rybkin categorically denied the reports on his having been offended by not being granted the right to speak during the commemorations at Auschwitz. Rybkin spoke to our correspondent just after meeting with President Yeltsin, during which they discussed the results of the visit of the Russian delegation in Poland.

[Begin recording] [Parchimowicz, in Russian fading into Polish translation] You complained to journalists that you were not able to speak at Auschwitz. Could you please say now what you did not say in Poland?

[Rybkin in Russian fading into Polish translation] Do I look like someone who is liable to complain? I told President Yeltsin today quite the opposite: I met with a very good reception in Poland.

[Parchimowicz] In Moscow, meanwhile, it was possible to get the impression that somebody is trying to take advantage of the matter of your not having been given the right to speak at Auschwitz for their own political aims.

[Rybkin] You assess this accurately. Some people are interested in maintaining the tension that has arisen at a certain stage in Russian-Polish relations. I think this will not take place. In any case, this is not to be found in my behavior, or the behavior of the president, the chairman of the Federation Council, and the prime minister. In the Duma, likewise, an absolute majority favors the development of goodneighborly and mutually advantageous relations, especially economic ones.

[Parchimowicz] What do you think about what is taking place at the moment in Poland?

[Rybkin] I think that the internal affairs of Poland are the internal affairs of Poland, and our inter-state matters are our joint concerns. I judge that the visit will not be deferred and that an accord will also be contracted. Why? Because both the presidents and the governments are interested in this, irrespective of who stands at the head of the government. Our states are interested in this, because these drafts are very promising, give many jobs, both in Poland and in Russia. They draw Germany, Belarus, and many firms from other states into cooperation. This is a sufficiently attractive and interesting perspective, and at the same time very advantageous. From the economic point of view, I can also say: I am pleased at the fact that the long-awaited stabilization has taken place in the Polish economy, and even a growth of over 4 percent in 1994. I say this without pretense or deceitfulness. This growth proves that in essence, the correct algorithm of reforms has been chosen, and that there are results. As regards the superstructure, political matters, I think that this is a matter for the Poles themselves. Apparently, against the background of the processes ensuing in the economy, Poles wish to choose adequate replies in the political sphere. And as to these chess moves that we see in the coalition, then if I am to

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speak on, in Russia as well, and in the states of the former CEMA [Council for Mutual Economic Assistance], it is possible to see similar processes. Professionals are coming to power, even those who once perhaps were opponents of the reforms and then understood from others that this is the only way out of the situation. Their professionalism ought to be exploited by society, and it is beginning to be exploited. [end recording]

Russian Prime Minister Viktor Chernomyrdin is to come to Poland on 17 February and to leave on 18 February.

Cited on Belarus Visit, Chechnya Problem

MM1002094395 Moscow RABOCHAYA TRIBUNA in Russian 10 Feb 95 p 3

[Report by Vasiliy Treskov under "Interparliamentary Contacts" rubric: "Ivan Rybkin: Force of Law, Not Law of Force"—from the "Commonwealth" section]

[FBIS Translated Text] A Russian parliamentary delegation headed by State Duma Chairman Ivan Rybkin has fruitfully completed an official visit to the Republic of Belarus. In the course of meetings with Supreme Soviet Chairman Mechyslaw Hryb, Republic President Alyaksandr Lukashenka, Prime Minister Mikhail Chyhir, and Foreign Minister Uladzimir Syanko questions of strengthening interparliamentary ties and deepening and widening integration processes between the two countries were discussed.

Answering questions from RABOCHAYA TRIBUNA, Ivan Rybkin pointed out:

"All the conditions exist for higher, comprehensive, complex integration. Europe took centuries to move toward unification and is continuing to build up efforts in this direction. The year which has just begun—1995—has given a good boost to integration processes in Russia and Belarus. A number of important accords have been signed, above all on a customs union, on the introduction of a free trade regime without the removal of restrictions, and on measures to ensure mutual convertibility and stabilization of the Russian and Belarusian currency rates.

"Unfortunately, to date there is no clear-cut, agreed concept of integration either in Russia or in Belarus. We are only working it out. We attach special significance to the speediest signing and ratification of a full-scale treaty of friendship, good-neighborliness, and cooperation between Russia and the Republic of Belarus. We are sure that the Russian president's upcoming visit to the Republic of Belarus will be an important milestone in the sphere of bilateral relations."

Touching on the situation in Chechnya, the Russian speaker pointed to the complexity of the events occurring there and to the instances of human rights violations there long before the military confrontation with Russia arose:

"People there were living under conditions of a brutal free-for-all, and there could be no question of any observance of human rights there. Some 200,000 people made an exodus from Groznyy during those three years. Only now are we starting to compile the dossier that we should have, and were obligated to, put together as long ago as September 1991, from the moment the Congress of Russian Federation People's Deputies deemed both the parliament and the president of the Chechen Republic illegitimate, when Dudayev's thugs entered the Supreme Soviet chamber with metal kingbolts and 40 deputies were beaten up, bones were broken, and one deputy even lost his life (I mean Vitaliy Kutsenko, chairman of Groznyy City Soviet and a Supreme Soviet deputy). Unfortunately, even the authorities—at that time the Union authorities—took a rather flippant attitude toward that serious manifestation of the law of force, and certainly not the force of law. Back in March the Russian State Duma adopted its decree on measures for a political settlement of the crisis situation in the Chechen Republic, but time after time our proposals for holding democratic elections were rejected, while the bearers of such proposals in Groznyy were being shot at with field guns. You remember those television pictures, showing severed human heads, that went right round the globe and made the whole world shudder. The Middle Ages had taken up residence in the south of Russia. Along with the Russian president the State Duma is now making persistent efforts to restore constitutional order in the Chechen Republic."

Karasin: Foreign Ministry Examining U.S. Proposal on KEDO

LD0902143395 Moscow ITAR-TASS in English 1404 GMT 9 Feb 95

[By ITAR-TASS correspondent Vladimir Solntsev]

[FBIS Transcribed Text] Moscow February 9 TASS—Moscow is closely examining "from the point of view of Russian interests" the U.S. proposal to take part in an international consortium on the financing and delivery of light-water nuclear reactors to North Korea, Russian Foreign Ministry spokesman Grigoriy Karasin said at a briefing here today. He stressed that "We shall make a decision on our participation in the consortium, taking into account a number of factors, including problems of non-proliferation and a possible role of Russia in the consortium, as well as proceeding from the interests of the Russian atomic industry."

The consortium, called the Korean Energy Development Organisation (KEDO), is being created in accordance with American-North Korean agreements, which envisage the delivery of two light-water nuclear reactors to North Korea. They will replace the reactors, used now by Pyongyang, which are potentially capable of producing plutonium for nuclear weapons. According to U.S. plans, South Korea will be the main supplier. Besides, it will bear a major part of expenditures on the

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project, whose value is estimated at four billion dollars. Japan will render financial support, and the U.S. will play the role of the main coordinator. Other countries, including Russia, were invited to take part in the project. Meanwhile, North Korea is rejecting South Korean reactors and giving preference to those of Russian make.

According to Karasin, an invitation to Russia to take part in KEDO was confirmed by U.S. Ambassador at Large Robert Galucci, who held consultations in Moscow on February 6-7 with representatives of the Russian Foreign Ministry and the Ministry of Atomic Industry. They discussed issues dealing with changing the direction of the North Korean nuclear programme. The U.S. put forward in a general form the proposals on Russia's participation in the consortium.

Russian Deputy Foreign Minister Aleksandr Panov, who took part in the consultations, told ITAR-TASS that Russian officials would probably take part in a meeting of potential KEDO members, which is planned to be held in New York late in February or early in March.

During his stay in Moscow Galucci gave an exclusive interview to ITAR-TASS, in which he described the plan that envisages the delivery of South Korean reactors as "the only deal that will work." He pointed out that, according to U.S. estimates, after 1989-90 North Korea might produce plutonium in the amounts that would be enough for one or two nuclear warheads, and might create those warheads in the subsequent years. We do not know whether they did that or not, but this is quite possible, the U.S. diplomat said.

Hitch in China Border Demarcation 'Extremely Serious'

MM1002091595 Moscow IZVESTIYA in Russian 10 Feb 95 p 3

[Report by Aleksandr Platkovskiy: "Border Dispute May Wreck Our Relations With China"]

[FBIS Translated Text] The demarcation of the eastern section of the Sino-Russian border has effectively been suspended. The schedule for the field work of posting border markers has been disrupted by the Russian side and the Russian Foreign Ministry is expressing serious concern about the danger that border disputes with China could resume.

IZVESTIYA was told by the Russian foreign policy department that the situation has taken an extremely serious turn as a result of statements by Maritime Kray Governor Yevgeniy Nazdratenko, who has demanded the denunciation of the border agreement with China, concluded 16 May 1991.

The governor is convinced that the agreement enshrines the seizure of Russian territory by China in three areas—Khankayskiy, Ussuriyskiy, and Khasanskiy Rayons. Other local authorities share Nazdratenko's position. What is more, Federation Council Deputy Speaker Anatoliy Dolgolaptev recently spoke about the unfairness of the border settlement. He recently visited border areas of Maritime Kray.

The border demarcation is scheduled to be completed in 1997. However people at the Foreign Ministry on Smolensk Square now think that there will not be enough time. The work in Maritime Kray has effectively been blocked, the schedule has been wrecked, and the consequences of this could be extremely grave.

Hitherto the Chinese side, which is, incidentally, complying with the schedule and cooperating constructively on the demarcation commission, has not given its official reaction to the attempts by the Russian authorities in the Far East to sink the border agreement. The Foreign Ministry believes that the patience of the Chinese could run out.

You can imagine the consequences of a revival of the propaganda war between the two countries over the border problem. Deputy Foreign Minister Aleksandr Panov believes that this would inevitably "wreck" Russia's relations with its great neighbor; they would revert to the worst times of all-out confrontation.

According to IZVESTIYA's information, the Chinese side has so far been satisfied with Moscow's official stance, reaffirmed Wednesday [8 February] by Andrey Kozyrev, who said that the border agreement will be implemented come what may. However, Beijing is keeping a careful eye on how events develop and, in particular, on the Maritime Kray governor's plans to raise the question of denouncing the Sino-Russian border agreement for discussion by the State Duma.

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Political Issues

Yeltsin To Inform CIS Heads of Situation in Chechnya

LD0902175795 Moscow NTV in Russian 1600 GMT 9 Feb 95

[Video report by Aleksandr Zaraelyan; passages within quotation marks are recorded]

[FBIS Translated Text] [Zaraelyan] Boris Yeltsin will take in the regular meeting of heads of CIS member-states, which opens tomorrow in Almaty. The Russian president told journalists in the airport that he will inform heads of CIS states about the state of affairs in Chechnya.

[Yeltsin] "The events are developing normally. The troops are not involved now, they are involved in some kind of creative activities. The Interior Ministry is disarming small groups of five people or something."

[Zaraelyan] Asked whether the Chechen crisis will affect the process of the integration of countries of near abroad, Yeltsin said:

[Yeltsin] "This is exactly the time when we signed very powerful documents, as you know, with Belarus and with Kazakhstan. That is, we have moved toward deeper integration. All this testifies to the contrary."

[Zaraelyan] The president divided the agenda itself of the Almaty meeting tomorrow into two main blocs.

[Yeltsin] "First, there is an economic bloc, and second, there is collective security. I think we—all CIS member-states—will finally sign the document on collective security."

[Zaraelyan] Will the Eurasian Union be discussed?

[Yeltsin] "I don't think so."

[Zaraelyan] Some believe that, departing for Almaty the day before the summit, Yeltsin wants to discuss with the experts all questions of the meeting's agenda tomorrow.

Grachev Claims Yeltsin's Opponents 'Attacking Me'

LD0902175195 Moscow NTV in Russian 1600 GMT 9 Feb 95

[Video report by unidentified correspondent, including recorded comments by Russian Defense Minister Pavel Grachev]

[FBIS Translated Excerpt] [Correspondent] The existence of the Soviet Union was finally ended here in Almaty three years ago, when eight fraternal republics informally joined the CIS. Just as all the previous summits, this one in Almaty is unlikely to break new grounds. There will not be any changes in matters of principle. However, a serious advance may be made tomorrow in strengthening the defense capability of the Commonwealth. The recent discovery of the Norwegian geodesic missile has prompted the Russian military's idea of uniting air defense troops. According to our information, virtually all the states are ready for this step. If the presidents sign the agreement tomorrow, the Russian General Viktor Prudnikov will take charge of the joint air defense troops. It appears that in the near future he will still serve under the command of Pavel Grachev.

The defense minister, who appeared in Almaty for the first time after his stay in the hospital, has denied allegations of his possible dismissal.

[Grachev] Those who want to remove President Yeltsin from his post in the near future are attacking [me]. And I am standing in their way.

[Correspondent] Pavel Grachev believes that the time of active integration of CIS states has come—at least in the military sphere. The first step toward this was made today when the proposed creation of joint armed forces with Kazakhstan was discussed. [passage omitted]

Grachev's Press Conference Detailed

MM0902193995 Moscow KRASNAYA ZVEZDA in Russian 10 Feb 95 p 1

[Report by Vladimir Maryukha and Anatoliy Ladin: "Army General Pavel Grachev: Integration of CIS Armed Forces a Realistic Prospect"]

[FBIS Translated Text] On the eve of the meeting of Commonwealth countries' heads of state and government in Almaty, Army General Pavel Grachev, Russian defense minister, noted that the division of the armed forces was a most painful process. They were divided all right, the minister stressed, but, to everyone's general satisfaction, they were not pulled apart completely. So there are sufficient prerequisites for integration in the military sphere. And the first step along this path will be the Agreement on the Creation of an Integrated [obyedinennaya] CIS States' Air Defense System. According to Pavel Grachev, some sections of the Commonwealth's aerial frontiers have "gaping holes, which can only be plugged by integrated, rather than joint [sovmestnyy] air defense forces." This question has been put forward for discussion on the Russian side's initiative. The second item to be discussed by the CIS countries' Defense Ministers Council is equally important: "An agreement on a blueprint for the protection of external borders by the border guard troops of the CIS states."

According to Pavel Grachev, the very fact that these matters are being discussed, that the groundwork has been done for the signing of the relevant documents by the heads of state, shows that the Treaty on Collective Security has started functioning. And most productively in cooperation between Russia and Kazakhstan, which Belarus intends to join. It is a matter of examining an Agreeemnt on the Creation of Integrated (Coalition)

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Groupings of Forces in the Interests of Safeguarding Collective (Regional) Security. That is not the unified armed forces of the CIS countries, it is not a buildup of groupings, but merely the first step toward the integrated armed forces necessary to tackle specific tasks for common security purposes. The path to this agreement is not closed to other states, Pavel Grachev noted.

On the eve of the session of the CIS countries' Defense Ministers Council there was a working meeting between Army Gen. Pavel Grachev and Army General Sagadat Nurmagambetov, Kazakhstani defense minister. The sides were of the same opinion on many questions of military cooperation, a corresponding agreement was signed, and it was decided that conciliatory commissions would work on a number of questions.

Addressing journalists, Pavel Grachev was forced to return to certain questions that are being highlighted by the press. He said that, judging by certain articles against him personally and the Russian Army, it was "open season not so much for hunting as for a kind of poaching." The minister directed any journalist who found the hard currency accounts that were being ascribed to him to take 80 percent of the money if there was such a thing. But the thing on which Army Gen. Grachev focused attention was the events in Chechnya and items in newspapers and certain television reports associated with them.

"Our entire country is now filled with experts on the Army," Pavel Grachev said. "It seems to infuriate certain people to see the Army remain while many state structures are crumbling. It remains despite the fact that there are no people and no money. We were 12.8 trillion rubles [R] short even of last year's meager budget. We are ordering little new equipment. But the Army is still alive. What is more, the Army is fighting and carrying out orders."

In reply to a question, Army Gen. Grachev said that the attacks on him were organized by those "who want to remove President Boris Yeltsin from his post and I am preventing them."

Concerning the Russian Army's participation in the Chechen conflict, the defense minister noted that it was too early to calculate the final results, but the Army has performed its task to the full. The operation carried out by the troops with the support of Internal Affairs Ministry forces and Border Guard Troops was a unique one, Pavel Grachev noted. "Nowhere else in the world has an operation been planned and carried out that involved surrounding and disarming a large grouping in a city with a population of 300,000. Not just disarming, but at the same time preserving the city's infrastructure, preserving the lives of our people, of civilians. Passing through four lines of defense with a 15,000 strong grouping firing at you and having to decide whether the enemy is in front of you or not."

According to the minister, the bitter and bloody experience threw into starker relief the essential areas of military reform: tactics, armaments. Here too Pavel Grachev denied the claim that he had sent 18-year-old youths to fight in the war: "Grachev does not send people to war, he is sent." As for the age of conscription, it should have been raised to 21 long ago. "I will call up all healthy males to serve in the Army, then you can introduce a law on alternative service and so on."

"The most hurtful, painful thing of all," the Russian defense minister said at the end of the meeting with journalists, "is when your own media vilify the Russian Army. But you have real Russians fighting in Chechnya at the moment. Why treat them like dirt on the television? The media could do a great deal to ensure that Russia is a prosperous place in the future."

Zhirinovskiy Brands Gaydar, Kozyrev 'Evil Democrats'

AU0902140895 Vienna NEWS in German 9 Feb 95 p 50

["Exclusive" interview with Vladimir Zhirinovskiy, chairman of the Liberal Democratic Party of Russia, by Wolfgang Briem in Strasbourg; date not given: "We Should Have Left a Big Crater"]

[FBIS Translated Text] [Briem] When will the Russian giant finally defeat the military dwarf Chechnya?

[Zhirinovskiy] It was a mistake that our tanks and planes did not pulverize Groznyy. We should have left nothing but a big crater.

[Briem] The military leadership grandly announced: Everything will be over in a few weeks.

[Zhirinovskiy] We said we will capture Groznyy quickly. We have captured the presidential palace and driven out Dudayev. Now we will clear Chechnya from the mafia.

[Briem] Is the Army crumbling?

[Zhirinovskiy] Our Army does not have any problems. The armed forces are the best in the world. Only the Moscow democrats and the press are denigrating them.

[Briem] Soldiers are deserting the "best army in the world."

[Zhirinovskiy] There is no desertion. Whenever unpatriotic cowards ran away, they were punished. Paratrooper elite units executed these criminal elements according to martial law.

[Briem] Generals like Aleksandr Lebed have voiced harsh criticism.

[Zhirinovskiy] Lebed's statements are wrong. There is only one commander in an army. In the Russian Army this is Defense Minister Grachev and certainly not the mad Lebed. He is abused by the democrats and is only boasting.

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[Briem] Does Grachev now have to pay the bill for the failed war?

[Zhirinovskiy] Never, because he is an excellent commander, a tough guy who stands no nonsense. He will dispose of the gangster Dudayev and his clan. He will completely eradicate the Chechens. But the democrats want Grachev's head. With this they are destroying the entire Russian Army.

[Briem] Does the disaster in Chechnya have any consequences?

[Zhirinovskiy] We must rearm. Gorbachev and Yeltsin have starved our Army. The West demanded disarmament, and we followed like obedient sheep—a perfidious maneuver. Now we have to think back to our real strength. We need new weapons. The armament industry must work at full speed again. As in the past, it must once again be the state's goal to expand our troops strength. We will build new tanks and aircraft. The Russian Army is the guarantor of world peace. Where would Europe be today without our soldiers? Vienna, for instance, would certainly be occupied by the Turks today. The Germans would still be in Paris. The West should be grateful to us instead of criticizing our policy. Over the past five to six years, the democrats have tried with great success to destroy our armed forces. But this will change now.

[Briem] Who are the "evil democrats"?

[Zhirinovskiy] In particular, [former] Prime Minister Gaydar and Foreign Minister Kozyrev.

[Briem] Where does Boris Yeltsin stand?

[Zhirinovskiy] At first, Yeltsin was one of these democrats. But now he is on our side, on the side of the national, patriotic forces.

Media Chiefs Given 'Permanent' Access To Cabinet Meetings

MM0902143195 Moscow ROSSIYSKAYA GAZETA in Russian 9 Feb 95 First Edition p 6

[Unattributed report: "At the Russian Federation Government: On Accreditation of Journalists"]

[FBIS Translated Text] With a view to providing fuller and more objective mass media coverage of questions examined at sessions of the government and its presidium it is deemed advisable that the leaders of leading state television and radio broadcasting companies and news agencies and, in certain cases, their deputies responsible for the appropriate areas should take part in the work of these organs on a permanent basis, in particular: the Federal Service for Television and Radio Broadcasting, RIA-Novosti, ITAR-TASS, the All-Russia State Television and Radio Broadcasting Company, "Mayak" Radio, the ROSSIYSKAYA GAZETA Editorial Office, and the ROSSIYSKIYE VESTI Editorial Office.

The intention is to preserve the current procedure, which authorizes permanently accredited journalists from the above television and radio broadcasting companies and newspapers to attend sessions of the government and its presidium.

In addition, it is laid down that after every session briefings will be held for other journalists accredited to the government.

Military & Nuclear Issues

Army Desertions at 3,000 Since Chechen Conflict Began

LD0902233095 Moscow ITAR-TASS World Service in Russian 1605 GMT 9 Feb 95

[By ITAR-TASS correspondent Lyudmila Aleksandrova]

[FBIS Translated Text] Moscow, 9 Feb—Around 3,000 Russian servicemen have left their units since the beginning of military operations in Chechnya and are under threat of legal action, according to Sergey Sorokin, chairman of the Movement Against Violence [Dvizheniye Protiv Nasiliya], a public organization that defends the right of Russian citizens to refuse military service on principle.

Speaking at today's news conference of the signatories of the Agreement For Peace and Freedom Against The Bloodshed In Chechnya, Sergey Sorokin said that the deserters were now "sitting at home" and their fate depended to a large extent on the position of the military procuracy, which "could either ease the situation or inflict the maximum punishment—seven years imprisonment."

Soskovets Orders Army To Continue Policing Moscow

LD0902194695 Moscow Radio Rossii Network in Russian 1700 GMT 9 Feb 95

[FBIS Translated Text] Russian First Deputy Prime Minister Oleg Soskovets has given instructions for joint patrols made up of army and Interior Ministry personnel to continue patrolling the streets of Moscow. Oleg Soskovets said that the military patrols should compensate for the shortage of Moscow militiamen, many of whom have been posted to Chechnya. That was a Russian Information Agency-Novosti report.

Nuclear Facilities' Defenses Prepared for Terrorism

LD0902210495 Moscow INTERFAX in English 1922 GMT 9 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 9 (Interfax)—Russian nuclear facilities have a tough defense system excluding any possibility of carrying out terrorist acts.

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Any provocative or criminal actions near nuclear facilities will be decisively prevented, Head of the Information Department of the Russian Nuclear Energy Ministry Georgiy Kaurov said in his statement transferred to Interfax today.

Kaurov made the statement in response to the media recently quoting Chechen representatives on the subject of nuclear terrorism in Russia. In particular, the KOMSOMOLSKAYA PRAVDA newspaper published a statement today threatening that three Russian nuclear power stations could be blown up.

Officials of the Russian Nuclear Energy Ministry said that such threats showed the leaders of Chechen extremists in their true light: "ready to launch actions analogous to unleashing a nuclear war against Russia."

Federal Assembly

Further on Talks Between Yeltsin, Duma Speaker Rybkin

LD0902141595 Moscow ITAR-TASS in English 1349 GMT 9 Feb 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow February 9 TASS—The set of draft election laws was discussed by Russian President Boris Yeltsin and Speaker of the lower house of the Federal Assembly Ivan Rybkin at a meeting on Thursday [9 February]. Speaker of the State Duma Ivan Rybkin told this to reporters on Thursday.

The speaker told the president that all the draft laws in the set, except for the law on the Federation Council, passed the first reading in the Duma. The president and the speaker of the State Duma agreed that the question of the principles of forming the Federation Council must be decided in the framework of the Russian Constitution.

The speaker believes that the key phrase in the text of the draft law must be the phrase that the Federation Council, in accordance with the Constitution, must be formed of heads of executive and legislative authorities of subjects of the federation. The Federation Council must thus consists of 178 members. Members in the Federation Council will be rotated as elections of heads of authorities in subjects of the federation will pass at different times.

The question of safety of parliamentarians was discussed in connection with the recent killing of Deputy Sergey Skorochkin, Rybkin said. In this context Yeltsin and Rybkin said that there must be more effective protection of deputies, if needed. The president and the speaker agreed that the Duma will be able, with drawing on appropriate services, to ensure that deputies are guarded, if they need this.

The meeting confirmed Boris Yeltsin's intention to deliver an annual message to the houses of the Russian Parliament at eleven a.m. in the marble hall of the Kremlin on February 16.

In addition, Rybkin told the Russian president about the results of the visits of Russian delegations headed by the speaker to Poland and Belarus.

Rybkin also said that the president supported the idea of the reconstruction of the historical Troyekurov chambers situated near the State Duma to create on their basis a club for compatriots residing abroad and a parliamentary club.

Duma Rejects Communist Motion for Dialogue With Yeltsin

LD1002120795 Moscow INTERFAX in English 1155 GMT 10 Feb 95

[FBIS Transcribed Text] Moscow, Feb 10 (INTERFAX)—The Communist Party's faction in the State Duma, parliament's lower house, was insisting Friday on an opportunity for deputies to enter into "a direct dialogue" with President Boris Yeltsin on February 16 when he will be delivering his annual message at a joint session of the Federal Assembly's houses.

Igor Bratishchev, who made a statement of his communist colleagues public at the morning session of the State Duma Friday, explained that such a dialogue was essential for "the need to compare last year's presidential message with this year's address."

Bratishchev stressed that the statement had also been signed by many other State Duma deputies.

The document points to a sharp fall in living standards, social tension in the country, ethnic conflicts, and other difficulties.

However, the communists' motion was repealed in voting. Only 141 deputies seconded it whereas support from 226 was needed for its adoption.

State Duma To Discuss Exchange of POWs With Chechnya

LD1002120895 Moscow INTERFAX in English 1108 GMT 10 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 10 (Interfax)—The State Duma, Russian parliament's lower house, has decided to discuss at one of its sessions ways of arranging an exchange of prisoners with the Chechen side. Vladimir Manannikov (Russia's Choice faction), who tabled this initiative, voiced the view that no-one had really been dealing with the issue.

According to his information, some 200 parents of servicemen who are now in the zone of hostilities believe that their sons are in captivity and expect the Chechen side to give them back to their mothers. However,

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Manannikov claimed, there are no officials who would take upon themselves the organization of a transfer or exchange of POWs.

A total of 227 deputies approved Manannikov's proposal (a motion needs 226 deputies' backing to be carried).

Deputies turned down a request from Georgiy Zadonskiy (Russia's Choice faction) to discuss the remarks made at a news conference Thursday by Mikhail Kolesnikov, chief of the General Headquarters, who said that Dudayev must be killed. Only 145 deputies voted for Zadonskiy's request.

It was also decided to have parliamentary hearings next week with Tatyana Regent, the Federal Migration Service chief, to report on the plight of refugees from Chechnya.

Friday's agenda included a summon of the leaders of Gosepidnadzor, the state epidemiological inspectorate, Minpriroda, the ministry for environment, and Gosgidromet, the state meteorological service in the wake of the discharge by the Archangelsk pulp and paper mill of 16 tonnes of mercury compounds (1.4 tonnes of pure mercury) into the Severnaya Dvina river on January 27. According to deputy Nikolai Danilov (Russia's Choice faction), the mercury has reached Severodvinsk, a town with a population of 250,000.

He regards all that happened as "the criminal concealing of information about an ecologic disaster."

LDP To Boycott Duma Sessions Until Yerin Dismissed

LD0902161095 Moscow INTERFAX in English 1519 GMT 9 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 9 (Interfax)—The Liberal Democratic Party [LDP] faction will not participate in State Duma sessions until it adopts a resolution on dismissing Russian Interior Minister Viktor Yerin. In an interview with Interfax, Duma Deputy Chairman Aleksandr Vengerovskiy (LDP) stressed that the interior minister should resign due to his failure to ensure the security of deputies—three parliamentarians have been killed in the past 10 months.

Even though under Russia's Constitution the Duma is not in a position to dismiss ministers, according to Vengerovskiy it can give the necessary recommendations to the president. Such a recommendation was already given in the Duma's resolution issued in connection with last April's assassination of Deputy Andrey Aidzerdzis.

Last Wednesday the Duma included on its agenda the issue of Yerin's resignation but decided that it should be discussed in his presence. Currently, Yerin is in Chechnya. When that decision was taken, the Zhirinovskiy faction walked out.

The LDP faction has 59 mandates in the State Duma; it is the third-largest faction.

Federation Council Ratifies International Agreements

LD0902202695 Moscow ITAR-TASS in English 1845 GMT 9 Feb 95

[By ITAR-TASS correspondent Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow February 9 ITAR-TASS—The Russian Federation Council passed several laws today to ratify international cooperation agreements.

Friendship agreements were ratified with Vietnam and Hungary, and trade agreements with Sweden and Switzerland. Other ratified agreements were a biological diversity convention and a project to set up an inter-state Eurasian coal and steel association.

Deputy Finance Minister Criticizes Minimum Wage Decision

LD1002100695 Moscow Radiostantsiya Ekho Moskvy in Russian 0900 GMT 10 Feb 95

[FBIS Translated Text] First Deputy Finance Minister Vladimir Petrov has stated in an interview with our radio station that it is most likely that the law on the minimum wage increase adopted today will be vetoed by the president. Petrov called the decision taken by the Federation Council incompetent and populist. In a situation where there is no money to finance the wage increase this will only lead to further enrichment of the rich and impoverishment of the poor, the deputy finance minister noted.

Regional Affairs

Reportage, Commentary on Conflict in Chechnya

Authorities Silent on Hunt for Dudayev

MM0802161595 Moscow RABOCHAYA TRIBUNA in Russian 8 Feb 95 p 1

[Feature by Vladimir Mezentsev under "Just One Question" rubric: "Where Is Dudayev?"]

[FBIS Translated Text] Dzhokhar Dudayev, who is wanted by the Russian Prosecutor's Office as a defendant, has for some reason still not been apprehended by the valiant law-enforcement organs, or the Russian regiments, or the counterintelligence officers of the FCS [Federal Counterintelligence Service]. Moreover, the Chechen leader's whereabouts are still unknown.

Where is General Dudayev? Aleksandr Korchebo, duty officer at the FCS Public Relations Center, reported that his center is engaged in preparing official statements for the press and does not answer individual questions from journalists. What a pity....

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Vladimir Uvadenko, spokesman of the Defense Ministry Information and Press Directorate, was in solidarity with him.

Are operations to capture the Chechen president being worked on? When will the general, who has now become the former superpower's most threatening enemy, be removed from circulation and from the opposition to Russia? Is there any possibility that he will be found in Chechnya or in any other part of the globe? Alas, the power structures considered these questions to be verging on the provocative.

Without wishing to reveal our agent network in the Chechen camp (if such a thing exists), taxpayers would like to obtain at least an assurance that the FCS and the Russian Army Main Intelligence Directorate [GRU] are earning their keep. But no dialogue developed.

In this context we are forced to state that the public's informational preparation for the war as well as the informational support of the war leave much to be desired.

Unaccustomed to new forms of working with the public, the journalists wearing shoulder boards and their commanders are losing the war... in Russia. In newspapers and magazines and on radio and television programs.

Aleksandr Zvyagintsev, senior assistant to the Russian General Prosecutor, kindly sent the editorial office a fax from which it learned that "sufficient evidence affording grounds for charging Dzhokhar Musayevich Dudayev has been gathered in the criminal case." But the Prosecutor's Office too refused to comment on its own decision. Let alone on where the accused is now.

In a conversation held with me long before the Chechnya war began, Ajarian Supreme Council Chairman Aslan Abashidze mentioned his meetings with Dudayev. According to him, one of them took place in Kazbegi on the initiative and in the presence of President Gamsakhurdia. According to Abashidze, during the secret talks the Chechen leader raised the question of his autonomous entity's joining Georgia. But despite his characteristic sharp movements in policy, Zviad Konstantinovich [Gamsakhurdia] cooled the general's hot head, instructing Dudayev that he must act consistently against Moscow. For the Ajarian Supreme Council chairman himself this meeting, according to his testimony, did not take place without leaving its mark too. He has always boasted that his tangerine-colored convoys [mandarinovyye eshelony] are the only ones not subject to looting on Chechen territory.

It is known that Gamsakhurdia found refuge in Groznyy following his expulsion from office. Nevertheless his representatives maintain constant contact with Abashidze. Who knows, maybe Dzhokhar Musayevich could also be encountered in Batumi? At any rate, so far our power ministries have not rejected this possibility.

Thus the president is a wanted man.

Comrade General! Dzhokhar Musayevich! My telephone number is 257-23-31. Call me!

Russian Troops Advance on Southern Groznyy

LD0902123995 Moscow INTERFAX in English 1214 GMT 9 Feb 95

[FBIS Transcribed Text] GROZNYY, Feb 9 (Interfax)—On crossing the Sunzha river, flowing within Groznyy limits, Russian troops have been advancing toward the southern outskirts of Chechnya's capital, capturing one quarter after another, an Interfax correspondent reports from the city.

Russian forces have also got closer to Chernorechye, a suburban Groznyy community, which has still been under heavy artillery and Grad rocket fire.

Meanwhile, militia units have often been engaging the advancing Russian troops from the rear. Sporadic exchanges of fire have flared up around the Minutka square in Groznyy.

Battles continued all day long on Wednesday [8 February] and in early hours on Thursday at Chechen-aul, a community south-west of Groznyy. Russian aircraft, as Chechen militia claim, dropped rockets and bombs on Chechen-aul and delivered similar strikes on the town of Shali and the Bamut village of the Achkhoy-Martan region in the west of Chechnya.

The situation on the approaches to Argun (a town east of Groznyy half way to Gudermes) has been unchanged, the Interfax correspondent reports. Although Russian troops have been avoiding offensive actions, they have been shelling Argun intermittently.

The Chechen military have described as a "distracting maneuver" Russia's statements that the next target for attacks by federal troops will be Gudermes. "In fact, offensive should be expected not eastwards but in the south direction towards Chechen-aul and Shali, a spokesman for Chechnya's General Headquarters has said.

Kolesnikov Press Briefing Detailed

LD0902151095 Moscow Mayak Radio Network in Russian 1323 GMT 9 Feb 95

[Report on Russian Defense Ministry briefing on Chechnya by correspondent Viktor Levin from the Defense Ministry—live]

[FBIS Translated Text] Just a moment ago Colonel General Mikhail Kolesnikov finished a briefing, which I would like to report on. To my question about prospects for an end to hostilities the chief of the General Staff said that the main part of the military plan had already been carried out. He stressed that there was no home guard or teenagers on Dudayev's side who very often posed for

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(?the cameras); rather, there was a thoroughly and seriously trained army with an enormous number of mercenaries. During the hostilities 6,690 fighters have been eliminated—yesterday alone 40 Dudayevites were eliminated—as well as 64 tanks. The chief of the General Staff stressed that this amounted to a whole tank regiment. Seventy-one infantry fighting vehicles [IFV]; 180 guns and mortars, a number sufficient for equipping two artillery regiments; 16 multiple rocket launchers, and five helicopters have been eliminated. In addition, 179 strongpoints have been suppressed and 671 fighters have been taken prisoner; and 697 firearms, 14 tanks, 16 APC's and IFV's, 45 guns and mortars, 24 flame throwers and nine command and staff vehicles have been confiscated. Journalists were surprised: Where did everything come from? According to the information available to the chief of the General Staff, the Dudayevites had thorougly prepared themselves and bought everything in other CIS states, in former Soviet Union states. Kolesnikov did not elaborate upon this subject but it is not difficult to imagine what is specifically implied.

The briefing also touched upon our losses. Gen. Kolesnikov was absolutely frank with us. He showed us a chart which registers literally day-by-day the irreplaceable losses suffered by the Russian armed forces. This tragic list is headed by Private (Maslennikov), who died on 11 December. According to the information available yesterday evening—and yesterday five people were killed—1,020 people have died. To avoid ambiguity I want to stress that these are losses suffered by the Russian Army, without Interior Ministry or the Federal Counterintelligence Service troops.

Concluding the briefing, Mikhail Petrovich told us about an event which took place today. In a hospital he and Col. Gen. Fedor Ladygin, chief of the main intelligence directorate of the Russian Army General Staff, gave the star of Hero of Russian Federation to (Yan Petrovich Chernyak). He is an elderly man, born in 1909, but this is a man who from the early 1930's until 1945 carried out covert agent intelligence gathering behind the enemy lines. Mikhail Petrovich said that he was not the literary Shtirlits [the hero of a popular Soviet television series about a Russian spy in Nazi Germany] but the real-life one. He provided the information that made it possible to create Moscow's air defense system and indicated where radar should be sited; he also assisted in solving the nuclear problem. [passage omitted saying the award for Chernyak was well deserved]

There was a very objective and interesting conversation, and I would sum it as follows: The Russian Army has honestly and courageously fulfilled its task. The soldiers, officers, and generals are fighting in Chechnya the way they should, and it is premature to speak about failures there. A thorough analysis is needed. There was a very serious and real war, and properly speaking, it is still going on.

Dudayev's Withdrawal Plans Assessed

LD0902230495 Moscow ITAR-TASS World Service in Russian 1459 GMT 9 Feb 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Moscow, 9 Feb—Dudayev ordered armed bandit formations to withdraw from Groznyy for tactical reasons, the Russian Defense Ministry believes. In an interview with ITAR-TASS today, a Defense Ministry spokesman stated that the remnants of Dudayev's forces who do not wish to disarm are being forced out of areas of the city by federal troops and, therefore, "there is no question of any kind of organized withdrawal." Centers of resistance in the south and east of Groznyy will be suppressed in the very near future; mercenaries and criminals are operating in those areas and they have nowhere else to go, the Defense Ministry spokesman added. Moreover, small groups are unable to break out of the encircling blockade, and come under fire from internal troops and special units of the Ministry of Internal Affairs of the Russian Federation, which are carrying out patrol duties.

In the opinion of the spokesman, Dudayev's plan is "to preserve his forces until the spring so that they can carry out military actions." With the arrival of warmer weather, Dudayev's armed formations will most likely move south to the mountain areas, where it is planned to conduct guerrilla warfare. However, the headquarters of the Group of Federal Forces in the Chechen Republic and the Ministry of Defense consider that the threat of guerrilla warfare, the likelihood of which has been discussed in the past month, is being made "only to apply psychological pressure and cause a reaction among the public," the Defense Ministry spokesman noted.

"Dudayev does not have the necessary equipment and weapons to conduct actions in mountainous conditions, and it is unrealistic to expect everything necessary to be supplied from abroad. Therefore, the best thing for them to do is to lay down their weapons and submit unconditionally to the state authorities, which are carrying out their constitutional duties," the spokesman stressed in conclusion.

Russian Troops Near Shali 'Encircled'

LD0902193195 Moscow INTERFAX in English 1725 GMT 9 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 8 (Interfax)—Russian troops on Thursday continued to hold on to a 300-meter section of the highway from Groznyy to Shali they seized outside Chechen-Aul village 10 kilometers south of Groznyy the day before, Chechen military officials told our correspondent at their headquarters in Shali 30 kilometers south of the Chechen capital. They said there was no intensive fighting there Wednesday.

Russian troops entrenched outside the village are now helpless, being practically encircled, Shali's Deputy Military Commander Said-Khan Tatayev told our correspondent.

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The commander spoke of appropriate instructions being sent to other army headquarters by the general chief of staff of the Chechen armed forces following Dudayev's announcement of a new phase of resistance to Russian troops. However, he did not elaborate on this.

In the meantime, head of the Chechen information service Movladi Udugov speaking in Shali yesterday said the command post of the Chechen armed forces was being transferred from Groznyy to its fringes as the next stage of resistance.

Chechens Planning To 'Destroy' Groznyy

AU0902163195 Paris AFP in English 1606 GMT 9 Feb 95

[FBIS Transcribed Text] Goity, Russia, Feb 9 (AFP)—Large parts of Groznyy were ablaze Thursday [9 February] as Russian forces moved to cut off the last remaining road leading south from the Chechen capital, tightening their noose around the city.

The Russians advanced from a strategic crossroads they captured last week towards a second key intersection controlling the road leading south to the small town of Goity, which is packed with refugees.

A senior Chechen military commander, Aslambek Abdulkhadzhiev, said most of the rebel forces had already left Groznyy, and that the Chechens planned to destroy the city.

Grachev Comments on Bank Accounts, Conflict

LD0902225395 Moscow Russian Television Network in Russian 1725 GMT 9 Feb 95

["Details" interview with Russian Defense Minister Pavel Grachev by special correspondent Aleksey Kondulukov in Almaty on 9 February—recorded]

[FBIS Translated Text] [Kondulukov] Pavel Sergeyevich, a few words for "Details," please. What can you say about the newspaper reports and all the hullabaloo about your accounts at the Deutsche Bank?

[Grachev] Surely you have been watching me closely because you too write about me. You know, sometimes I wonder: does it all come from idle curiosity about me? Or perhaps, it is like hunting and poaching. A poacher attacks his victim violently, trying to strangle, to kill it—and the question arises: what makes him do this?

What have I done to be treated like this? Never mind, I shall survive it all. I have enough strength and my nerves are strong enough, though at times I do feel like saying something rude to such people, especially to those who try to teach me how to command the armed forces and how to reorganize the armed forces. It would be one thing if this came from experts, but when a scullery maid [kukharka], a dissident, or a businessman begin to teach me—after all, I do not try teaching journalists or businessmen or milkmaids how to do their job. Why then has our country become a country of military experts? It would be better for them to focus on economic or social reforms, on reforming the living standards or the monetary system, and so on, or else on drafting good, perfectly thought-out laws. Yet everyone has plunged into army affairs. Everyone has suddenly become a great expert. And of course, this has not happened by chance. Can you see that?

"Not by chance" means this. Many people are now wondering: how can it be that virtually the whole state machinery has collapsed, and yet the army, despite the shortage of staff and money—12,800 billion rubles from the meager 1994 budget failed to reach us, and orders for new equipment are scarce because of the lack of funds—continues to stay alive. From the remnants inherited from the Soviet Union, the army has somehow managed to re-establish itself. The army is fighting, after all, and fulfilling its orders; there have been no refusals to fulfill orders. And so the reason behind all this rancor, all these nasty things being said about me, among other people, is this: why is it still like this? In addition to all we've done, we must disrupt the army and then at last we shall really embark on the mode of development that is right for us.

It is the same with this money business. This is just another round of lies and slander aimed at your defense minister. They can't think of anything else to do. This simply beats me. Of course, I have never had any money there [in the German bank account]. I tell you frankly: if anyone discovers an account of mine at any bank, be it abroad or here in Russia, a hard currency or a ruble account, they can take 80 percent of the money in that account. I am happy to oblige—80 percent is yours, but if I really have this money, please let me keep 20 percent. You know that the Deutsche Bank has published a denial of these reports about me. True, we have a hard currency account at the Deutsche Bank, but we have it legally, in accordance with an agreement. It is open to inspection both by our government and by the Deutsche Bank management. So, this is just another canard, more of the mud-slinging.

[Kondulukov] Pavel Sergeyevich, you are a soldier, so you ought to know who is attacking you.

[Grachev, laughing] It's a good question. Well, to put it briefly, I am being attacked by those who would like to remove President Yeltsin from his presidential post in the near future. And I stand in their way. This is a frank, honest, and short answer.

[Kondulukov] Pavel Sergeyevich, what would be your comment on the results of the military operation in Chechnya?

[Grachev] Of course, it is too early to sum up the results. But I can give you some preliminary information. The fighting in Chechnya, such active combat operations as those conducted on 31 January, actually ended about a week ago, three or four days ago. Today's reports say that the situation is practically calm. The army has fully

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accomplished the tasks set before it. What assessments can be made now of this military operation? Well, you just look who is making these assessments. It would seem that these people have nothing to do with this matter, but some of them say it was a stupid operation, others that it took too long, and yet another expert says: we stormed Baku almost without a single shot. They stormed Baku, just think of the cheek!

This operation in Chechnya was carried out by the armed forces with the help of the interior and the border troops, and it was completely unique. We had no text-books. An operation has never yet been planned and performed anywhere in the world where, first, a large group of forces was destroyed and disarmed in a town, in our town with a population of over 300,000. The second goal was not only to disarm them but also to preserve the town's infrastructure; that is, to avoid hitting local residents. The third goal was to avoid infringing human rights. The fourth goal: the enemy had a force numbering approximately 15,000 men and four lines of defense, and when firing we had to look carefully if we had an enemy or just a local resident before us. And there were also many other nuances.

Some people have been saying: this man Grachev sent people to war. Well, first of all, Grachev does not send people to war, he is being sent himself. Take Grachev or Private Ivanov—we did an equal amount of fighting. If we get an order, since we are in the army, it is our duty to fulfill our orders. A man in a serviceman's uniform who fails to carry out an order is a criminal. Yet people say: Grachev has sent 18-year-old boys to war. I sent them and I went myself with the men I had. This is what our legislators have come to. They don't let me have men aged 20 or 21. Do you remember, when I first became minister, I used to say that people who come to the army at the age of 18 are totally immature. People should be called up from the age of 19, or even better, from 21. Why from 21? Because a man like this, if he is a reasonable man, will have left school at 17, then graduated from a university or a technical college after four or five years and become a sufficiently mature person to serve in the army for 1.5 or two years. And this should not be the case for the people to say: Grachev is drafting students into the army. I am not drafting students into the army; I am drafting all healthy males!

Grachev Says Army Coped With Task 'in Full'

LD0902153195 Moscow INTERFAX in English 1431 GMT 9 Feb 95

[FBIS Transcribed Text] Almaty, Feb 9 (INTERFAX)—Defense Minister Pavel Grachev believes that the army has coped with its task in Chechnya in full. Answering a question put by the Interfax correspondent Vitaliy Jibuti, Grachev noted that "there are no such operations in text-books on world military art. A 15,000-men-strong grouping had to be destroyed and disarmed in a city populated by 300,000, not merely to disarm but to preserve the city's infrastructure, and not to infringe human rights."

Grachev reported that a meeting would be held round the 20th of February to sum up the results of the military operation in Chechnya.

"There, it will be learned who acted, where, and how, who was the first to open fire, who planned the operations to capture the city," the minister said. He emphatically rejected assertions that the military operations in Chechnya had been badly planned.

"We planned it quickly and conducted it with minimal losses, losses were due to the absent-mindedness of certain low-ranking commanders, who felt an easy victory and relaxed," Grachev declared.

He reported that conclusions from the military operations in Chechnya demand tactical changes in actions in the city, in particular as concerns manning assault units, improving sniper activities, carrying out intelligence operations and even explanatory work among the population.

Grachev believes that much experience has been gained, although this experience is grim since it "has brought much grief and blood."

He stressed the need for paying attention to how the army was equipped. According to him, some advanced arms, "even those praised" have not lived up to expectations in battle. Meanwhile, some old models, like T-72 tank have done extremely well. The T-72 tank could be used for designing a more sophisticated tank, the minister said. In his opinion, it is also necessary to correct the army personnel-training system.

Grachev stressed that the draft should be applied to all men who turn 21, in as those who are 18 are yet immature.

"I warned about this several years ago, but no one listened," Grachev said.

Officers Cited on Secrecy Surrounding Losses

MK0902124095 Moscow OBSHCHAYA GAZETA in Russian No. 6/82, 9-15 Feb 95 (Signed to press 8 Feb) p 2

[Report by Aleksandr Nikolayev in the "War" column: "A Special Freight...."]

[FBIS Translated Text] A group of officers at the Russian Federation Defense Ministry central office has asked us to make public the following fact.

According to them, on 1 February several refrigerator freight cars with the bodies of Russian military servicemen who died in Groznyy arrived in Rostov. On the order of General Vladimir Churanov, newly appointed deputy defense minister, a "funeral" team flew to Rostov led by Gen. Vasyagin, with the intention of burying the dead in a common grave without attracting undue attention.

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As the officers found, there will be no identification or forensic examination of the bodies. It is not ruled out that relatives of the servicemen killed will be advised that they are missing. Then even compensation for the soldiers' death will not have to be paid.

The officers also reported that information about New Year's night losses (Pavel Grachev's birthday) is the most closely guarded secret in the Defense Ministry. According to them, in storming Groznyy a battalion "burned itself out" ["sgoral"] within four to six minutes.

Russians Using 'Most Sophisticated' Weapons

LD0902225995 Moscow NTV in Russian 2125 GMT 9 Feb 95

[Video report by correspondent Aleksandr Luskanov]

[FBIS Summary] Russia has been using the most sophisticated weapons against Dudayev's 4,000 armed men. First came the state-of-the-art T-72 and T-80 tanks. These, considered to be invincible, were burning like paper on Groznyy's streets on New Year's night, engulfing the crew. One can now write in manuals on the art of combat that when the basic load of ammunition explodes in a T-80, its turret is thrown 300 meters away. There were also Grad and Uragan salvo fire systems. According to the statutes of the Russian Armed Forces, these should be only used to destroy the enemy in a full-scale, or, as the military describe it, in a full-blooded war. Uragan's jet-propelled shells that weigh 270 kilos can cover up to 34 kilometers of distance and raze to the ground 2.5 hectares of land.

Of other weapons used, 152-mm howitzers adapted for shooting with needle shells [igolchatye boyepripasy] have the hit range of up to 20 km. One shell hits 1,200 square meters of land. After the Vietnam war, this is the second war where front-line aviation has been involved in combatting the resistance of the insurgents. The Russian army uses SU-24 bombers in Chechnya. They can carry up to 6 tonnes worth of bombs, and can be refueled in the air. They are dropping AB-1500 bombs on Chechnya. With this aircraft bomb that weighs 1,500 kilos, one can forget precision hits. One can say with certainty today that not a single army in the world has used such destructive weapons to resolve a local conflict.

Botched Assault on Groznyy Viewed

MK0802122095 Moscow SEGODNYA in Russian 8 Feb 95 p 1

[Report by Mikhail Leontyev: "You Ordered a Catastrophe?"]

[FBIS Translated Excerpt] With more than a month having passed since New Year's night, on which a full-scale Chechen war actually began, it is now possible to return to the assessment of those events.

The crux of the matter is that on the night of 31 December and 1 January **there was a realistic possibility of the complete routing of Russian Army assault columns** that entered Groznyy. A total of four columns were to come into the city. Two of them did not reach it at all, while forward units of the third, western, column were cut off and effectively destroyed. The fourth column under Rokhlin, encountering a barrage of heavy fire, managed to maneuver its way out of the lethal fusillade and to consolidate in the city's north. Only crack units of the airborne assault forces could turn it around and rescue the army from the projected routing. Had there been poorly trained motorized rifle troops in their place, the fourth column could well have shared the fate of the others.

The manner of bringing the troops into Groznyy creates the impression that the army was led to an execution. Officers were misinformed about the actual combat missions they would have to fulfill, while Mr. Dudayev was fully informed about everything, including the names and addresses of the officers, and drew on well-orchestrated propaganda support.

That is to say, on New Year's Eve someone put Russia, and not only Russia, on the brink of a catastrophe whose actual scale cannot yet be determined. I suggest that you spur your imagination and conjure up the following picture: assault columns are entering the city, which closes in behind them—and the next morning a group of the Russian Army is nonexistent. These are not just heavy losses; a second such grouping could not be brought together sooner than in several months' time. And there would be no one able to give these several months. In this situation, what would happen to Moscow, the army, the Caucasus, foreign policy?

That in each particular case there are forces and groups, both in Russia and abroad, that are directly interested in seeing events take precisely this turn—there is no doubt. Those who have made such an eventuality possible have yet to prove that they are incapable, absolutely incompetent, or—best of all—mentally disabled. In this case they will have an opportunity to cast doubts on their involvement in what lawyers term as "high treason." [passage omitted]

The Army, its thinking core, is currently most fearful of "reorganizations" and "purges," being fully aware of who will be doing that and why. Those who wanted to ruin the Army in Groznyy will now be trying to deal it a lethal blow in Moscow, punishing it for their failure to do so in Groznyy.

Presently we have a situation in Chechnya that is virtually unprecedented for Russia and, maybe, for the entire outside world. For the first time an army of a non-totalitarian, if not "democratic" state has been plunged into such carnage. These are boys who do not remember even the "stagnation period," who have no political fear or ideological anesthesia. There is a limit for war losses in democratic states. Such regimes cannot endure the

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pressure of a war catastrophe; America or Britain would not be able to survive [a surprise invasion similar to] 1941.

The Army will leave Chechnya as an active political player. This is no longer a question for discussion. The only question is who will exploit it and how. The line of contenders is already being formed. In the meantime, the forces that are not particularly enthusiastic about this circumstance are also evident.

The "trading top brass" do not need a strong army; they will have no prospects, either career or financial, in it. A strong army is dangerous for the section of the "democrats" who have deprived themselves of any opportunity whatsoever of having at least any influence on it. These forces, together or separately, will be gutting the Army for the sake of "stabilizing" an unstable regime and an incapable state that offers itself for sale. It is hard to say how safe the continuation of this process will be. In Chechnya we currently see a situation rare in terms of its explosive potential. A fighting army with a core of airborne assault and marine units, in the middle. Looting interior troop units, busy "cleaning up" the territory, around it. And the third ring, made up of Emergency Situations Ministry agencies indulging in grand larceny, no trifles deflecting their attention, together with "merchants" from among generals and quartermasters. It will be a miracle if the whole mess does not explode.

Volkogonov Views 'Chechen Syndrome'

MS0802114595 London THE TIMES in English 8 Feb 95 p 16

[Article by General Dmitriy Volkogonov, member Russian Analytical Council, former Yeltsin adviser on defense; translated by Harry Shukman of St Antony's College Oxford: "Groznyy's Fate Must Not be Russia's"]

[FBIS Transcribed Text] The democratic authorities in Russia today are weighed down by their own imperfections. The campaign by the Russian Army in Chechnya which has led to the destruction of Groznyy is the worst mistake they have made in the past three years. It was always going to be tempting to use force to resolve the diplomatic deadlock, but it was a temptation that should have been resisted.

Taking advantage of Moscow's errors, Soviet General Dudayev came to power in the Chechen Republic by illegitimate means, and brought with him extreme separatist and nationalistic elements. In time, a rampantly criminal network was established in the south of Russia, which perpetrated countless kidnappings, robberies and open piracy on the highways. Such actions could not be ignored by the federal authorities, yet for three years the situation was allowed to continue, and no approaches were made by Moscow to the regime in Chechnya. Moscow felt compelled to make a belated choice. One thing was clear: it must ensure that the Russian constitution functioned throughout Chechnya, especially as almost half of the republic—the northern part had rejected the rebellious Dudayev and created its own provisional government.

During November 1994, an emissary from Dudayev appeared in Moscow with a proposal: in exchange for Russian recognition of him as leader of Chechnya, Dudayev was prepared to recognise the Russian Federation and accept that Chechnya was part of it, with the same sort of autonomous relationship enjoyed by, for example, Tatarstan. Nothing of a separatist nature was included in these terms, which would have been in the best interests of both Russia and Chechnya.

Attempts were made by some of those who had met Dudayev's emissary, myself included, to obtain an audience for him with President Yeltsin, but the President at that time was willing to talk only to the opposition to Dudayev. President Yeltsin has two advisory councils: the Security Council, which is a constitutional body, and the Analytical Council, which is made up of public figures. At the end of November, the Analytical Council discussed the Chechen question. About 20 people were present. After our three-hour discussion, we unanimously resolved to recommend that the President should proceed solely by means of negotiation. The negotiations would be long and agonising, but they were the only possible way.

We had earlier made proposals on, for instance, constitutional and economic issues, of which the President had taken note. By this time, however, he was heeding our advice less and less, and the more the Chechen question came to dominate his thoughts, the more he listened to the advice of the Security Council. When it next met, under his chairmanship, shortly afterwards, a different view prevailed, and the whole world has seen on television what that meeting decided. It is commonly said that the President was especially influenced by one particular individual or another. But this overlooks the less well-known fact that the Security Council was heavily influenced by the regional authorities of the northern Caucasus, who were tired of the excesses committed by the Chechen fighters. Indeed this may have been the decisive factor. There undoubtedly was still a chance at the beginning of December to settle the issue without bloodshed. Had the President received Dudayev's message in November, and had he and the Duma invited Dudayev to come to Moscow without preconditions, it is probable that the present position could have been averted.

The option chosen was the worst possible, and the least well thought-out, namely "bombing methods". The result, as we have all seen, has been mass slaughter of the civilian population and the decline of the Government's authority.

The issue is no longer merely about Chechnya. The Chechen syndrome has left its mark on the entire political life of Russia. The active opposition and nationalistic forces are determined not to let slip what they see as a propitious moment for the removal of President

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Yeltsin so as to turn back the course of reform, in effect bringing about the gradual restoration of the old order. We have seen it all before.

As a member of the parliamentary group Russia's Choice, I am in complete agreement with its leader, Yegor Gaydar, and I believe that the severe criticisms of the Government for the methods it chose to settle an ethnic conflict are just. But President Yeltsin must be helped to correct his mistake by peaceful means, while at the same time protecting the democratic Government from the attacks of the opposition. Like it or not, President Yeltsin is still the main symbol of democratic reform in Russia.

Chechnya is everybody's pain. The democratic forces will do everything possible to alleviate it at the least cost. It is important to realise that Chechnya today is only one of the epicentres of the struggle for power in Russia, where democracy is still shaky, immature and fragile.

The bitterness of the Chechen syndrome must not be allowed to conceal the contradictory nature of the situation in Russia in general: a genuine post-totalitarian order has not yet been established, although a genuinely civilised future is on the horizon.

Justice Minister Defends Army's Actions

MM0802155595 Moscow KRASNAYA ZVEZDA in Russian 8 Feb 95 p 3

[Report by Vadim Markushin: "Military Observed Spirit and Letter of the Law—Russian Federation Justice Minister Valentin Kovalev on the Legitimacy of Deploying Russia's Armed Forces in the Chechnya Conflict"]

[FBIS Translated Text] There can be no question of our servicemen being in any way responsible for the drama which has unfolded in Chechnya. The officers and men of the Russian Army have discharged their constitutional duty, defending the country's territorial integrity and blocking the way to separatism. Such was the legal evaluation of the actions of Russia's Armed Forces during the Chechnya conflict given by Russian Federation Justice Minister Valentin Kovalev, addressing journalists at the Russian Federation Presidential Staff Press Center. At the same time, he advised those present "to be a little more cautious with the topic in question," noting that those urging our soldiers to desert and describing them as aggressors stand in opposition not only to the government but to the state too.

V. Kovalev took part recently in an Organization for Security and Cooperation in Europe Standing Council session in Vienna, where he delivered a report on the Chechnya question. The discussion which took place, he said, was not easy, although there was success in arriving at a common understanding. To be precise: There is no other way to untangle the Chechen knot than with undeviating observance of the Russian Federation's territorial integrity. Thus Dudayev's pretensions remain beyond this understanding that was reached.

The minister believes that the problem lies in the fact that the line of confrontation runs by no means between Russia and Chechnya, between the Chechens and the Russians. It is located in a completely different plane and passes between those people who have made lawbreaking a way of life and those who are trying to restore legality on the territory of the Chechen Republic.

The violation of human rights, V. Kovalev said, has been elevated to the rank of policy by the Dudayev regime. The Ministry of Justice has a great deal of evidence of pillage, murder, and suicide, primarily among the Russian population. A threat has emerged to neighboring areas. On the territory of Mozdokskiy Rayon, 30 people have disappeared without trace in the past two years. Raids on the kolkhozes and sovkhozes of Stavropol Kray have been carried out regularly, and livestock has been rustled. Illegal armed groupings had started to represent a direct threat to the country's security. They were equipped with bombers, armored vehicles, powerful artillery, and modern multiple rocket launchers. It was impossible to destroy such an army within the framework of a police operation. The "technology of disarmament" demanded the participation of the Army.

In the justice minister's view, there were definite judicial grounds for involving the military in the Chechnya conflict. Namely the Russian Federation Constitution, under which the president must take all measures to defend the integrity of the country. Namely the Law on Security, which gives the president the right to coordinate the activity of the law enforcement organs and the Armed Forces. Namely the Military Doctrine, which describes illegal armed groupings as an internal military threat.

Were human rights violated in Chechnya as a result of the military actions?

According to V. Kovalev, this cannot be denied. Naturally, the use of armed force on such a scale could not but violate the fundamental human right to life and the constitutional right to shelter. What has been destroyed must be restored, and material damage compensated.

How just are the accusations of looting against Russian soldiers?

Broaching this question, V. Kovalev began by turning the journalists' attention to the instances which have occurred whereby Dudayev gunmen disguise themselves in service uniform—precisely with the aim of discrediting the Russian Army. Second, he said that the use of produce left in apartment blocks is not to be considered as looting because of "the insignificance of the action."

Kozyrev: Conflict May Spur 'Bolder Reforms'

LD0802180495 Moscow ITAR-TASS in English 1726 GMT 8 Feb 95

[By ITAR-TASS diplomatic correspondent Andrey Urban]

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[FBIS Transcribed Text] Moscow February 8 TASS—The Chechen tragedy should become a stimulus for new bolder reforms in Russia, Russian Foreign Minister Andrey Kozyrev said.

"We value the international community's attention to human rights and humaneness in Chechnya. Russia cooperates with the OSCE (the Organisation for Security and Cooperation in Europe) on this issue," the minister told Vladimir Podoprigora, chairman of the Foreign Relations Committee of the Federation Council (the upper house of parliament), on Wednesday.

An OSCE fact-finding delegation visited the war zone and the Chechen capital Groznyy to study the situation on the ground, the minister said. However, it is unclear why a proposal to send a new delegation to Chechnya comes from the Council of Europe's parliamentary assembly. Unlike the OSCE, of which Russia is a full member, the parliamentary assembly has once again postponed Russia's admission, he said.

"We protest a mentor-like tone of the assembly's resolutions on Russia. The openness to foreign organisations should be reciprocal and ensure the balance of rights and obligations," he said.

The military operation in Chechnya should prod us to establish powerful, modern and highly mobile forces which could promptly and "with a surgical precision" respond to such acute political crises, the minister said.

As for allegations that Russia uses its army too often to settle internal conflicts, Kozyrev continued, it should be said that over the last 20 years Russia used Armed Forces only five times, while the U.S. National Guard "engaged in fighting" dozens of times.

"We understand that the Chechen conflict casts shadow on Russia's foreign policy. Nevertheless, Russia is seeking closer interaction with international organisations, including the OSCE. This organisation is gaining momentum and we intend to expand our cooperation with it," Kozyrev said.

He also said that Russia wants to develop equal relations with NATO.

Kozyrev assured Western partners that a collective security system and a military union that the CIS leaders will discuss at their regular meeting in Almaty this week will not be established as a counterbalance to NATO.

He stressed that such a union would act as a stabilising factor and provide a mechanism for maintaining stability in various CIS regions.

Commenting on statements accusing Russia of pursuing imperialistic ambitions in Tajikistan, Kozyrev said that the CIS countries' collective mandate granted to Russian troops in that central Asian republic proves them wrong. "We want Russia's operation in that Central Asian region to be supported by the United Nations," he added.

So far Russia has to act in various post-Soviet trouble spots alone. The U.N. pays much more attention to Haiti where it keeps 500 international observers and only 40 in Tajikistan, which is three times bigger than Haiti in terms of territory and population, Kozyrev said.

He called for granting Russia broader rights in settling crises in ex-Soviet republics.

Shakhray Outlines Future Prospects

LD0902231895 Moscow ITAR-TASS World Service in Russian 1741 GMT 9 Feb 95

[By ITAR-TASS correspondent Tamara Ivanova]

[FBIS Translated Text] Moscow, 9 Feb—At a meeting with the Chief Editors Club today, Russian Deputy Prime Minister Sergey Shakhray outlined the further development of events in Chechnya: the fighters will be pushed to the south of the republic, control will be established over Groznyy, the economy will be restored on the liberated territory, and preparations for elections will begin.

According to him, elections in Chechnya at the republic level will be preceded by local government elections in the rayons.

In reply to journalists' questions, Sergey Shakhray said that Chechnya's highland rayons could not, in his opinion, become the core of a partisan war. He also expressed his conviction that subunits of the Defense Ministry would move out of Groznyy in the near future, while interior troops would divide the city up into administrative and military [komendantskiy] sectors. "It's a matter of days," Sergey Shakhray said.

Dudayev's future, in the opinion of Sergey Shakhray, depends on Dudayev himself. He should recognize that if his position with regard to separatism has led to victims among the Chechen population, then this senseless resistance should stop.

'Intercept' of Dudayev Call Published

MM1002100195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 10-13 Feb 95 p 3

[Unattributed report: "Dudayev: 'Iskander, We Need Mortar Shells, Stingers, and Mortars.' Intercept of Secret Conversation Between Dzhokhar Dudayev and Iskander Gamidov, Former Azerbaijani MVD Minister and 'Boskurt' Party Leader"]

[FBIS Translated Text] [Gamidov] Hello, my good, dear general.

[Dudayev] May Allah protect you, well protect you.

[Gamidov] I'm fine, Dzhokhar. I sent one large consignment. Dardent's been arrested—I suppose you heard?

[Dudayev] Yes.

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[Gamidov] They're bringing a criminal case against me. You'll get the second consignment of Stingers the day after tomorrow. How are you, Dzhokhar?

[Dudayev] Excellent. Iskander, we need help—we need Stingers.

[Gamidov] Well, our people are leaving tomorrow. Our people are in a different location. There should be some Stingers tomorrow—around 50. You'll get them the day after tomorrow. Our state's started to get in your way a little. Some scoundrels here have started getting in our way.

[Dudayev] Never mind. We'll be getting in their way soon enough. It'll make them sick to their stomachs. Iskander, what are our krafy [meaning unknown] doing, sitting on their butts all day?

[Gamidov] Half of them are abroad, you know.

[Dudayev] Don't believe any of them—they're doing nothing. They're just doing their own thing.

[Gamidov] I don't believe them and I'm keeping them at arm's length.

[Dudayev] Keep doing that—don't let Daud Akhmadov or anyone else anywhere near you. Get rid of them.

[Gamidov] Daud's coming to see you today.

[Dudayev] Did he give you the money?

[Gamidov] No. A nearby state told us they had Stingers. I've sent for them. As soon as they arrive, I'll send them on. Daud's gone to see you. We did a couple of things in Dagestan. You probably heard about them? Blood was shed in Dagestan.

[Dudayev] I don't know exactly what happened there.

[Gamidov] We reduced one Russian post to ashes, with 17 killed and five wounded.

[Dudayev] Very good.

[Gamidov] But the Avars are giving us a lot of trouble.

[Dudayev] The Avars are?

[Gamidov] Yes, they're not acting bravely.

[Dudayev] You should rely on the Lezgins.

[Gamidov] Yes, I think so too. I've sent a few things to our Chechens. Weren't you told?

[Dudayev] Who did you send them to?

[Gamidov] The Chechens, our guys.

[Dudayev] Oh, the Akkins. No, I wasn't told.

[Gamidov] Just so's you know. There are 50 firearms, two machineguns, and a few other things.

[Dudayev] Good.

[Gamidov] The guys have done a great job.

[Dudayev] Iskander, we need Stingers, mortar shells, mortars, and more mortar shells—an unlimited quantity, we particularly need mortar shells.

[Gamidov] OK, understood. Anything else?

[Dudayev] We need rockets for the "Grads."

[Gamidov] Two truckloads carrying 80 rockets should probably be reaching you tomorrow.

[Dudayev] You buy them, we'll pay. We'll get the money out of the ground.

[Gamidov] Dzhokhar, I've already paid for the "Grad" rockets and the mortar shells. It doesn't matter who paid, me or you.

[Dudayev] Orders and medals have been sent from Turkey—do you know who has them now?

[Gamidov] They'll probably pass through me, because the rest of the route only goes through me. Do you need men, Dzhokhar?

[Dudayev] We don't need any yet, we need weapons. If we'd had something to fight with, we would have pushed them back to Moscow. There are tens of thousands of their corpses lying around in the streets, and the dogs are eating them. The corpses aren't even being collected.

[Gamidov] I'll call you tomorrow at three exactly, I'll find out about the orders. I'll send the "Grad" rockets and tell you what truck they're on so's you can meet it in Khasavyurt. [Gamidov ends]

(This information was obtained from a reliable source. KOMSOMOLSKAYA PRAVDA would be grateful for any evidence of similar conversations.)

Khadzhiyev Will Not 'Cling to Power'

MM0802151195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 8 Feb 95 p 1, 2

[Interview with Salambek Khadzhiyev, "prime minister of the new government" of Chechnya, conducted in Groznyy by Igor Yemelyanov: "Concerning Salambek Khadzhiyev, Who Sees Everything from a Bunker"—first paragraph is introduction]

[FBIS Translated Text] In a recent interview in our newspaper the writer A. Pristavkin said: "We have already lost Chechnya. It is clear!" Not everyone agrees with such a categorical statement. Last week I met with Salambek Khadzhiyev, prime minister of the new government, in a bunker in the north of Groznyy.

[Yemelyanov] You came to Chechnya with the Russian Army. Aren't you afraid of your compatriots' accusations of collaboration, involvement in the large-scale killing of Chechens, and the destruction of Groznyy and villages?

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[Khadzhiyev] Today the Army is using tough methods to try to rectify something that was created by the section of Russia's political elite which allowed Dudayev to create a Latin American mafia state that fostered a a whole generation of young Tontons Macoutes. Those responsible for the destroyed cities and villages are not the military but those who brought about a situation that could no longer be dealt with without the Army.

[Yemelyanov] Earlier Groznyy was stormed by Chechen opposition tanks driven by Russian drivers recruited by the Russian Federal Counterintelligence Service [FCS]. Did you not consider, as one of the opposition leaders, that such close cooperation with Russia's special services could discredit you in the eyes of the majority of Chechens?

[Khadzhiyev] I regard such collaboration as normal; after all, Dudayev was supplied with equipment by the other side in Moscow. There was confrontation under way not just between Chechens but also between two political forces in Russia. We reported that Dudayev was being supplied with "Grad" multiple-rocket launchers, the first three having been brought in right from the Far East. His "presidential" plane was freely given air corridors over Russia for flights around the world.

[Yemelyanov] But the criminals in the opposition ranks: Surely the fact of their presence has to be considered a serious shortcoming of the anti-Dudayev opposition?

[Khadzhiyev] There were criminals in the entourage of Ruslan Khasbulatov, who came here only to take part in the presidential race again. As Labazanov was at his side, he is the person you should ask. Perhaps that man armed to the teeth with grenades was trying to redeem himself in the fight against Dudayev. There has not been, nor is there any criminal in the ranks of the opposition that I represent.

[Yemelyanov] Sergey Kovalev has effectively sided with your people, at any rate the section of it opposing the federal forces. How do you regard his activities?

[Khadzhiyev] When Dudayev's men fired on a peaceful demonstration in Groznyy on 4 June 1993 and 58 people died, we appealed to many people, including Kovalev, for help. When in August 1994 gunmen killed around 260 people in Urus-Martan we also appealed to Moscow and Sergey Adamovich. He paid no heed.

Kovalev, Pamfilova, and Yushenkov have condemned the Russian Army's actions in Chechnya and supported those who oppose it with weapons. But why did none of them take an interest in the fate of the 76 Chechen children taken hostage by Dudayev's men during the opposition's storming of Groznyy in the fall?

[Yemelyanov] When the Army leaves, having cleared the field for your government, won't you fear an overnight collapse of that government?

[Khadzhiyev] I do not intend to cling to power. My aim—after normalizing the situation—is to hold free elections. We are conducting intensive talks with the rayons of Chechnya. My appointed reporesentatives are working in seven of the 12 rayons, one of them having just appeared in Achkhoy-Martanovskiy Rayon. We hope to reach an accord in three rayons within a week to 10 days. The situation in the remaining two is extremely difficult, particularly in Shalinskiy Rayon, where there are very many people who have been duped. I have not been in a position so far to explain to them that by fighting for Dudayev they are upholding enslavement. It is also dreadfully hard going in Groznyy.

We are now recruiting sensible young guys into a patrol and guard duty battalion which will join the Russian MVD [Ministry of Internal Affairs]. Police divisional inspectors have been recruited in seven rayons.

[Yemelyanov] Where is Dzokhar Dudayev now, in your view? Are you intending to organize a Nurenberg-type show trial for him and his accomplices?

[Yemelyanov] Hitler in 1945 and Dudayev in 1995 left their people nothing but ruins. We are simply obligated to conduct a show trial, not for the sake of revenge but so that other regions of Russia and the whole world can see the results of a craving for personal power combined with nationalism.

According to my information Dudayev is not in Groznyy, and that apart from anything else indicates that he is not concerned about the fate of the section of the people still fighting for him in the capital.

[Yemelyanov] What is your forecast: When will the troops be withdrawn from Chechnya and a relatively quiet life begin?

[Khadzhiyev] I think that complete control will be established over Groznyy during February and that our government will control 10 of the 12 rayons. Work is under way in the other two rayons to ensure that we do not need to commit Russian troops or launch combat operations there.

Everyone in Chechnya is tired of the lawlessness and free-for-all and wants peace.

'Underworld' Said Raising Money for Dudayev

LD0902113195 Moscow ITAR-TASS in English 0929 GMT 9 Feb 95

[By ITAR-TASS correspondent Vladimir Zlobin]

[FBIS Transcribed Text] Petrozavodsk February 9 TASS—A large group, made up of some 50 representatives of the underworld, visited Petrozavodsk, capital of Karelia, recently.

They came from Moscow and St. Petersburg, police Colonel Vladimir Sidorov, interior minister of the republic, told ITAR-TASS. The purpose of that unusual

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visit was to raise money among the local business people and to deliver it to Chechnya, in order to support Dudayev militants. According to Sidorov, the money collectors visited numerous commercial structures of Petrozavodsk, where they put forward their demands. The uninvited guests are sure to visit Petrozavodsk once again soon in order to receive the money they demanded from the business community.

In the opinion of Sidorov, such money-raising operations are being conducted in other regions of Russia too. He said the Karelian police was keeping the situation under control and was ready to put an end to illegal actions of the criminals.

Kovalev Invited To Visit Filtration Center

LD0902123395 Moscow INTERFAX in English 1215 GMT 9 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 9 (Interfax)—Russia's Commissioner for Human Rights Sergey Kovalev has been invited to visit the Mozdok filtration center, where citizens who were detained with weapons on them in the zone of combat operations are held. The invitation came from Head of the Interior Ministry's Department for Implementing Verdicts Major-General Yuriy Kalinin.

Kovalev, who spent more than a month in Chechnya, has expressed the wish to visit the Mozdok filtration center on many occasions. However, the Defense Ministry has denied him access.

Kalinin told Interfax, "there are no obstacles barring or complicating the commissioner for human rights' arrival at the Mozdok filtration center."

"I state with full responsibility that there was no and there is no brutality at the Mozdok filtration center," said Kalinin. "Kovalev's assertions that there are 15 trainloads of detainees at the Mozdok center, who are tortured and even executed, are untrue," he said.

New Information Center Established

MM0802130395 Moscow ROSSIYSKAYA GAZETA in Russian 8 Feb 95 First Edition p 2

[Unattributed report: "Objectively and Promptly"]

[FBIS Translated Text] For the purpose of objectively and promptly informing citizens of the Russian Federation about events in the Chechen Republic and ensuring the necessary conditions for the professional activities of representatives of the mass media, a Bureau for Current Information and a Mobile Information Center has been set up under the federal executive authorities' Territorial Administration in the Chechen Republic within the Russian Federation Government Press Service.

A Russian Federation Government directive has appointed Yevgeniy Viktorovich Ivanov chief of the Russian Federation Government Press Service Mobile Information Center under the federal executive Territorial Administration in the Chechen Republic with the rank of deputy chief of the Territorial Administration. The same directive has seconded employees of the public relations centers of the Ministry of Internal Affairs, the Ministry of Defense, the Federal Counterintelligence Service, the Federal Border Service, the Ministry for Civil Defense, Emergency Situations, and the Elimination of Natural Disasters, and the Federal Government Communications and Information Agency to work in the Bureau and the Mobile Information Center.

Moscow Oblast Plan for Chechens Scored

MM1002123595 Moscow IZVESTIYA in Russian 10 Feb 95 p 2

[Report by Besik Urigashvili: "Moscow Oblast Has Its Own Understanding of Human Rights"]

[FBIS Translated Text] The editorial office has come upon an interesting document stamped "secret." This being an order signed by V. Ogorodnikov, chief of the Moscow Oblast Main Internal Affairs Directorate. It is dated 15 January and bears the index number 024.

The preamble to the order says that it has been issued "in connection with possible complexities in the operational situation in Moscow Oblast due to an increase in the activity of citizens of Chechen nationality and in implementation of Russian Federation MVD [Ministry of Internal Affairs] Instruction No. 246 of 11 December 1994."

Points 13 and 14 of the countless points in Addendum No. 1 to the order, which talks about operational measures to "increase" and "tighten up" procedures, are of particular interest. They should be cited verbatim.

"People illegally arriving in Moscow Oblast shall be detected and the measures envisaged by current legislation applied to them and also to citizens who provide them with housing.

"A file of citizens of Chechen nationality and local residents who provide them with housing shall be drawn up by the Internal Affairs Directorate or Internal Affairs Department PVS [expansion unknown].

"Information regarding the existence in Moscow Oblast of temporary or permanent places of residence of Caucasian ethnic groups and nationalities, refugees, and migrants, and also the presence of Caucasian nationals in permanent residence, with temporary residence permits, or illegally resident shall be systematized, generalized, and reported to the operational staff of the Moscow Oblast City Internal Affairs Directorate."

It must be said that all the references to legality in this document are at the very least absurd, since the measures for which the order makes provision constitute a most flagrant violation of human rights as well as of the

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country's main law—the Russian Federation Constitution. But something else is also clear: These measures will be greeted with delight by a large proportion of society, raised on traditions of socialist internationalism. It is a strange kind of internationalism, the socialist kind.

Admittedly, it is doubtful whether there will be any increase in tranquillity in a society where an apartheid regime is effectively being introduced.

The following question also arises: Are Chechens nonetheless citizens of Russia or not? Judging by Order 024 they have already been, as we are now accustomed to say, "factored out of the constitutional equation."

More Than 200,000 Refugees Registered

LD0902225695 Moscow ITAR-TASS in English 2155 GMT 9 Feb 95

[FBIS Transcribed Text] Moscow February 10 TASS—A total of 9,906 persons registered with territorial agencies of the Federal Migration Service on February 8. Most of them are elderly inhabitants of Groznyy and mothers with their children.

In all, 206,329 people were registered in Russia since December 8, 1994, who had to flee places of their permanent residence in the Chechen Republic.

Ingushetia Issues Denial on Dudayev Forces

LD0902124695 Moscow INTERFAX in English 1106 GMT 9 Feb 95

[FBIS Transcribed Text] Nazran, Feb 9 (INTERFAX)—"There are no Dudayev men, militants or bases to train them" in Ingushetia, reads a statement, addressed by Ingushetia's parliament to the Russian State Duma's Chairman Ivan Rybkin Thursday.

The message was prompted by reports that Dudayev loyalists had infiltrated the republic, neighboring with Chechnya.

It notes that "the people of Ingushetia, where there are 60,000 refugees from North Ossetia and 80,000 refugees from Chechnya, think about peace and their daily bread."

Ingushetia's members of parliament demanded that representatives of the legislation, defence, and security committees of both houses of Russian parliament be sent to the republic "for examining the situation without bias and adopting measures to keep the war from spreading to the North Caucasus."

St. Petersburg Students Threaten Violence

MK1002110095 Moscow NEZAVISIMAYA GAZETA in Russian 10 Feb 95 p 2

[POSTFACTUM report: "Students Ready for Pogroms"]

[FBIS Translated Text] Student unrest including pogroms against military commissariats may begin soon in St. Petersburg if the deferment of army service for students is abolished, spokesmen of student trade unions of most of the city's higher schools declared in a press conference. The students warned that things may go as far as beating up military commissariat representatives in the same way as during the 1994 fall conscription campaign when 25 staffers of district military commissariats suffered at the hands of those called up for military service.

Religious Leaders Appeal to Gaydar

LD0802150795 Moscow INTERFAX in English 1353 GMT 8 Feb 95

[FBIS Transcribed Text] Makhachkala, Feb 8 (Interfax)—Religious leaders of Dagestan, Chechnya and Ingushetia have urged leader of the Democratic Choice of Russia party Yegor Gaydar to raise the question of a seven-day ceasefire before the federal government.

They passed an appeal to the Dagestan branch of the Democratic Choice of Russia party which says that the seven days are needed to "remove the corpses of those killed in action."

"The urgency and importance of this operation is explained by the fact that if the epidemiological situation in the North Caucuses, already serious, is warmed, it will deteriorate even further," says the document.

The authors write that "many corpses have already got into the river Sunzha and other water reservoirs of the basins of the river Terek and the Caspian Sea."

Chairman of the Democratic Choice of Russia party's Dagestan branch Vasiliy Baronchuk told Interfax that the appeal had been passed to Gaydar because "his party has assumed the most consistent position on peaceful settlement of the Chechen conflict."

Regional Heads Upbeat on Meeting With Yeltsin

MK0802121095 Moscow SEGODNYA in Russian 8 Feb 95 p 2

[Report by Viktor Khamrayev in the "Interlocutors" column: "The President Intends To Make a 'Shift' Toward Social Needs. Regional Heads Will Not 'Pass' the 1995 Budget If They Find No 'Sound Distribution Philosophy' In It"]

[FBIS Translated Text] In his annual message to parliament the president will "give a tough assessment of the government in the sphere of financial and credit activity" and will also "make a major shift toward social needs." These intentions by Boris Yeltsin were reported to journalists at a press conference yesterday by a group of regional administration chiefs, who had the honor of a scheduled audience with the president prior to that.

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In the course of the meeting the head of state, according to administration chiefs, discussed with them a broad range of political, economic, and social problems, after which the regional leaders came to the conclusion: "The president intends to pursue reform and will not deviate from the reform path."

Yuriy Matochkin, head of the Kaliningrad Oblast administration, drew newsmen's attention to the fact that the "president understood that he has to rely on the regions, that nothing can be done without the regions." Although during the talk in the Kremlin the contours of a new regional policy were not defined, the participants in the press conference expressed the hope that "a simple, honest form of relationship between the federal center and the regions" will be found and that it will receive legislative substantiation in the very near future. The regional leaders themselves, who, according to Matochkin, "want no regional policy imposed on them from above," intend to start looking for such an "honest form" in the process of discussing this year's state budget in the Federation Council. If they find no "sound distribution philosophy" in the final draft budget, taking the regions' interests into account, Matochkin assured they will not let the budget come to pass.

Orel Governor Yegor Stroyev stated, not without a feeling of relief, that a "shift from macroeconomics to microeconomics" is emerging, adding that the president promised that "salaries for doctors and teachers will be guaranteed and provided in the budget."

According to Stroyev, during the audience the administration chiefs managed to convince Boris Yeltsin about the inevitability of granting credits to agriculture because "whereas industrial capital turns over five to six times a year and trade capital 10 times, the peasant gets income only once a year and sometimes even once every two years." The Orel governor addressed this appeal to the newsmen: "Invest in the Central Black-Earth Region and forever resolve Russia's food problem."

Activities of Union of Oil Exporters Eyed

MM0802161795 Moscow IZVESTIYA in Russian 7 Feb 95 p 2

[Report by Aleksey Portanskiy: "'Oil Trough' Remains Under State Control"]

[FBIS Translated Text] As you know, in Rus, before they hired domestic staff, they would sit them down at the table. If they consumed their food swiftly it meant they would also be hard workers. If you believe this fine Russian tradition, then the lavish launch of the Russian Union of Oil Exporters [RUOE], which went down wonderfully well in the capital's Balchug-Kempinsky Hotel, promises some very fruitful activity.

"We want to transfer all the Foreign Economic Relations Ministry's oil-exporting functions to the Union of Oil Exporters," Vice Premier Oleg Davydov, who heads the RUOE as its chairman, said during a news conference. "As soon as the Union is firmly established we will abolish the specialist exporters—it will decide who deserves the right to be an oil exporter."

In fact, what the government deputy chairman said encapsulates the significance of the event. The policy of liberalizing oil exports requires the curtailment of state involvement in it. The RUOE is an open, nongovernmental, nondepartmental organization bringing enterprises and firms together as voluntary members, irrespective of the forms of ownership, including companies with foreign capital.

The foreign trade department believes that now is not yet the time for oil exporters to be completely free of state care—it is no accident that the RUOE is headed by a vice premier. I would point out that oil is exported at the moment via specialist exporters—organizations specially registered at the Ministry of Foreign Economic Relations. That is, quotas and licenses have been abolished, but the ministry retains some control through the registration of export contracts.

Only 14 specialist exporters remain, including producers and dealers—according to O. Davydov, they are "the strongest companies, and we have closed the club membership."

The Ministry of Foreign Economic Relations and the Ministry of Fuel and Energy see restricting the number of oil exporters as an economic rather than administrative measure. They back this up with the following statistic: Two years ago, when there were 37 exporters, our oil was sold abroad at 87 percent of the world price; now there are 14 exporters and it is 99 percent of the world price. But the selling price did not increase just because of this—rising domestic oil prices forced its exporters to seek more deserving partners abroad and not sell "black gold" to all and sundry, as before, given that the profit was considerable anyway.

On the day of the RUOE launch its membership comprised 10 major companies producing and trading in oil. The ministers and "oil barons" attending the Kempinsky Hotel launch believe that the creation of the new structure will mark the end of "disorganized actions" on the foreign market and usher in an era of "civilized" and professional trading.

But the establishment of the Union is not going to resolve a number of very acute oil export problems. For example, how the oil rent, that is, the difference between the foreign and domestic price of oil when it is sold abroad, is to be distributed and who gets it.

"The entire price margin must go to the oilmen, in order to stimulate the oil business," your IZVESTIYA correspodent was told by RUOE Chairman Oleg Davydov, who was actively supported by Yuriy Shafranik, chief of the Fuel and Energy Ministry. "If the oilmen cannot invest in their own sector there will be no orders for

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pipes, equipment, and construction, for KamAZ trucks, and so on. So thousands of jobs will not be created."

An apparently logical statement, but not indisputable by any means. Indeed, income from exports of energy sources maintains, perhaps, one-half of the country, so the question of the distribution of the revenue is not that simple. There is an even more concrete question: How, by what mechanism, does the state intend to extract the actual oil rent from the exporters, as long as a marked difference exists between world and domestic prices? An effective system of currency control has not yet been created, and part of this rent in one way or another ends up in personal accounts in foreign banks. According to Ivan Materov, first deputy economy minister, the question will be solved if the exporters were to make an advance payment of the price difference into the budget before the oil crosses the border. The actual creation of the RUOE does not provide a direct answer to this question.

Finally, will the RUOE deal with the very difficult task of keeping the oil exporters' ranks clean? IZVESTIYA readers will probably recall the affair which was described the other day in the paper and which has not yet been cleared up by the authorities. It involved the "Rostoplivo" Company, which had all but crept into the privileged club of oil dealers without, to put it mildly, possessing the proper credentials. There is another question: Will the Union effectively withstand efforts to interfere in the regulation of oil exports by presidential or other structures? It is the answers to these complex questions that will eventually decide whether our oil trade is going to be truly civilized.

Fuel, Energy Ministry To Set Up Tyumen Oil Corporation

MK0902140095 Moscow SEGODNYA in Russian 9 Feb 95 p 11

[Unattributed report: "Yuriy Shafranik: Fuel and Energy Ministry Makes Decision To Set Up Tyumen Oil Corporation"]

[FBIS Translated Text] The Russian Federation Fuel and Energy Ministry has decided to set up the Tyumen Oil Corporation, said Fuel and Energy Minister Yuriy Shafranik in an exclusive interview for Tyumen television. According to Yuriy Shafranik, Prime Minister Viktor Chernomyrdin has approved of this decision and currently the drafting of documents to be presented to the government is nearing completion. The new company's founders will include the Tyumen Oblast Administration, Nizhnevartovskneftegaz, Tyumenneftegaz, Obneftgeologiya, the Ryazan Oil Refinery, the Tobolsk Petrochemical Combine, and a number of other organizations. The company's priority will be the reconstruction of the Samotlor oil field and other fields in the Nizhnevartovsk area (with total reserves of over 1 billion tonnes of oil), Mr. Shafranik said. In addition, the company will engage in the development of promising oil fields in Uvatskiy rayon (southern Tyumen Oblast) and the Russian field (northern Tyumen). Owing to difficult geological conditions, Mr. Shafranik said, the development of new fields will "require the attraction of significant foreign investment."

AvtoVAZ, KamAZ Joining Forces

MM0902160595 Moscow ROSSIYSKAYA GAZETA in Russian 9 Feb 95 First Edition p 3

[Report by Nikolay Senchev: "Giants Join Forces"]

[FBIS Translated Text] Tolyatti—The "AvtoVAZ" Joint-Stock Company and the "KamAZ" Joint-Stock Company have decided to resist growing economic problems as a single, united family. They have taken the relatively prestigious and powerful "AvtoVAZbank" as the third member of the gang.

The Volga-Kama financial and industrial group intends to accumulate funds from all three of its participants in order to perform specific tasks. The first test of strength for the financial and industrial group will be its implementation of a modified program to manufacture the "Oka" subcompact. It is intended that this small car will be assembled solely at the Serpukhov Automobile Plant.

Kemerovo Governor Says Kuzbass Miners Still Working

LD0802131095 Moscow ITAR-TASS in English 1249 GMT 8 Feb 95

[By ITAR-TASS correspondent Grigoriy Shalakin]

[FBIS Transcribed Text] Kemerovo February 8 TASS—Trade unions are on strike in the Kuzbass coal basin now, while miners are continuing their daily work, the Kemerovo region's governor Mikhail Kislyuk told ITAR-TASS today.

The pan-Russian strike the coal industry union planned did not stop the region's coal associations and mines. They are continuing normal mining and shipments. A daily 4,500 train platforms of coal is sold, which is more than scheduled, and this depicts the situation in Kuzbass' coal sector, Kislyuk said.

While being solidary [as received] with striking miners of other basins, the Kemerovo region's miners realise that "ministerial uncles will not come to them, as in good old times, bringing a sackful of money", Kislyuk said. One understands that every idle day means an economic loss, he added. For this reason Kuzbass miners are keeping a steady production pace from the start of the year in the hope of raising 1995 output to 100 million tonnes.

As for the government's wage arrears, the issue should be handled by the unions in a civilised manner rather than by posing as "defenders of workers", Kislyuk said.

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Moscow Property Fund Eyes Progress of Privatization

MM0802155795 Moscow ROSSIYSKAYA GAZETA in Russian 4 Feb 95 First Edition

["Own Information" report: "Special Route to Privatization"—from the "Business in Russia" section p 8]

[FBIS Translated Text] In late January the Moscow Property Foundation [MPF] summed up the results of privatization in 1994. The total funds obtained from the privatization of enterprises topped 1.8 trillion rubles, which considerably exceeds Russia-wide treasury receipts.

Moreover, since the date for savings banks receipt of vouchers was extended a total of 12,000 have been received. This allows experts to conclude that there are virtually no unplaced checks in the city of 10 million.

Attempts to hold money auctions of small blocks of shares left over from check auctions have not elicited tremendous enthusiasm. But it is this experience that has proved the most interesting. The difference between the opening and closing prices (between 5 and 500 percent) indicated that the shares were patently underpriced. However, only 30 percent of enterprises showed a price premium [poluchili prevysheniye v tsene]. In the opinion of experts, the previous check auctions influenced this state of affairs. And small blocks of shares in themselves did not elicit interest.

In the light of experience, the first specialized money auction will be held in February and should determine the range of possible buyers. But now the MPF's specialists doubt that ordinary Muscovites will take part in it.

The results of the 190 investment tenders proved equally instructive. They determined to a considerable extent the future methodology for these tenders. It is thought that in the future the Moscow Government will determine the most important enterprises for the city. And only after thorough economic analysis will they be put up for auction. This approach seems to be due to some mistrust of enterprise leaders, who often autonomously select investors who do not really have the requisite funds and technologies.

The problem of bankrupt enterprises, which may be reconfigured, fits in with this. But in any case the MPF's leaders assure us that the choice of investor will be based on the maximum benefit for the city. That applies equally to incomplete construction projects.

Nor should one expect auctions to be a short-lived process. Accumulated experience has confirmed that property can be sold on the cheap only within a short timeframe. According to MPF leader Mechislav Krimovich, they are once again counting on the president's support during the monetary phase of privatization. He has an edict on special conditions for privatization in Moscow to examine.

Greater Volga Association Meeting in Samara Detailed

954F1171B Samara SAMARSKAYA GAZETA in Russian 19 Jan 95 p 2

[Valentin Kiselev report: "My Dear Capital: Do Not Fleece Russia's Main Street"]

[FBIS Translated Text] As we have already reported, an interregional conference within the framework of the Greater Volga Association was held from 16 through 18 January in Samara.

We would note immediately that the representatives of republics and oblasts from Nizhniy Novgorod to Astrakhan and the managers of major industrial enterprises that took part in it were unanimous in mentioning its timeliness. The start of the new year afforded an opportunity for discussion of the results of 1994 and for the outlining of a work program of joint actions for the future and for determining the most effective directions and acceptable paths out of the crisis.

The current situation in the economy of Russia and the positions of the Russian Union of Industrialists and Entrepreneurs were evaluated by its president, A. Volskiy.

Speaking of the reform of society, Arkadiy Ivanovich unequivocally declared that although it has been under way for several years now, there are still no precise or clear answers to the questions as to the kind of society into which our country is being transformed or what the concept of this transformation is or the degree of its justification. Nor do the federal authorities have, unfortunately, a considered economic policy, and for this reason it is today oriented, in fact, merely toward the solution of current questions and the patching up of holes. In addition, A. Volskiy believes, the restoration of bureaucratism and the omnipotence of the administrative machinery and state regulation of the economy are essentially what are taking place today.

Nor was the subject of privatization avoided, and its chief theoretician "got it in the neck." In the speaker's opinion, the uniqueness of the Russian economy was that more than 98 percent of the fixed capital belonged to the state, and, consequently, the very process of privatization revealed great opportunities for the receipt of funds and their further investment in the national economy. What has happened in practice? Major industrial enterprises have been sold for the price of scrap metal, and it turned out that the Moscow Berezka store in Luzhinki was valued at 1.5 times the price of the AvtoVAZ, the editorial offices of the newspaper IZVESTIYA at three times the price of the Komineft Association....

On the resolution of what key problems should the main efforts be concentrated in the immediate future to pull the economic reform away from the impasse? Several such were mentioned: the unfailing restoration of the

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country's home market, anti-inflation measures, a resolution of the arrears crisis, an increase in investments in the national economy, a balanced tax policy, an immediate end to the transfer of currency overseas, the decisive financial cleanup of the banking system, and a number of others.

The president of the Greater Volga Association, the head of the administration of Samara Oblast, who spoke next, shared with the conferees a number of results and plans in respect to industrial policy, structural transformations, and the development of the productive forces in Samara Oblast. It was observed that as of 1995 only market relations would in practice determine on the territory of the oblast the development and operation of the absolute majority of production branches. At the same time, on the other hand, a very difficult situation has taken shape in these branches—the arrears crisis remains acute and the decline in industrial production continues.

What specific measures are needed to support industry and enterprise at the regional level? The main thing, the Samara governor believes, is that the center should share authority with the components of the Federation, primarily on matters of budget policy. It is no good when out of the total tax payments collected on the territory of the oblast, 52 percent is paid to the federal treasury. In addition, the nontax confiscations of enterprise profit via numerous off-budget funds are well known. But even despite the very limited budget opportunities, the administration is pursuing (within the limits of its authority) an independent economic policy. And this work will continue in 1995. Concluding his speech, K. Titov observed that the tasks of the center, the components of the Federation, and industry should, for all that, be uniform. It is essential for this simply to unite certain efforts, switch from word to deed, and afford an opportunity for the accomplishment locally of the tasks that the implementation of economic reforms poses.

Speaking from the rostrum, representatives of the administrations of oblasts and republics and the leaders of federal ministries and departments and industrial enterprises not only spoke about the difficulties that they are experiencing but also shared their experience of a solution of this problem or the other. Practically each speech contained specific, constructive proposals for an improvement in the economic situation in the region, both within the framework of the Greater Volga Association and outside. Such proposals were considered by the editorial commission and became a part of the decisions and agreements that were formulated by the conference. Specific paths of the accomplishment of the complex tasks in the national economy that confront the Greater Volga regions were outlined.

An appeal to the Government of Russia, the components of the Federation, industrialists, enterprises, and all those who are capable of really influencing the progress of economic transformations in the country was adopted on the results of the conference also.

Federal Bankruptcy Chief Visits Samara

954F1171A Samara SAMARSKAYA GAZETA in Russian 11 Jan 95 p 2

[V. Kiselev report: "Cohort Ready To March Into Battle: Future Economic Elite of the Oblast in the Ranks"]

[FBIS Translated Text] Approximately 1,500 enterprises were officially deemed to be insolvent in Russia in 1994. Specific decisions were adopted in respect to 200 of them.

The decisions are the most varied—on the liquidation of state-run enterprises, on their privatization, on their sale. Approximately 50 cases are being heard in the courts at this time on the initiative of the federal department and territorial agencies for insolvency (bankruptcy). Roughly the same number of cases are being heard with the direct participation of the department. With the aid of relatively strict procedures 35 enterprises restored their solvency last year.

Samara journalists were informed of these results of the work of the Federal Department for Insolvency (Bankruptcy) in 1994 at a news conference by the latter's **general director, Sergey Georgiyevich Belyayev.** S. Belyayev's latest trip to Samara was far from fortuitous. A large group of executives and leading specialists of the federal department arrived together with him, what is more. The arrival of so representative a delegation was connected with a highly significant event in the life of our oblast. SAMARSKAYA GAZETA has already reported that the Samara territorial agency has trained a large group of specialists in external arbitration administration, who were to display their knowledge and also defend it before the federal certification commission.

It is significant that it is the third time that this certification has been conducted in Russia, and Samara Oblast comes immediately after Moscow and St. Petersburg here. There is today, probably, no need to speak of a shortage of highly qualified specialists prepared at any moment to go to this enterprise or the other and take decisive steps for its recovery. According to S.G. Belyayev, normal market relations at the present time are impossible without the application of the procedure of bankruptcy, which establishes civilized relations between different operating structures. It is for this reason that the program of the training of arbitration anticrisis managers is essentially becoming a national program.

The main task of both the federal department and its territorial agencies remains the prevention of [begin bold]real bankruptcies[end bold] of state enterprises and stock companies via particular transformations. And specialists trained in the field will have to contribute to this and show again and again that the bankruptcy procedure is an exclusively recuperative measure.

Sergey Georgiyevich and the members of the certification commission answered a few questions put by the journalists. The fact that there were only a few questions

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characterizes positively, in my view, primarily the Samara territorial agency, which tries to illustrate and explain quite broadly (within the framework of legislation, naturally) both its work and, as a whole, the policy of the federal authorities on the matters over which they exercise stewardship.

It remains merely to add that all the candidates had been selected on a competitive basis and chiefly on the assignments of interested organizations and underwent tuition in Moscow or St. Petersburg. The cost of the tuition per person ranged from R2.1 million to R3.1 million. The expenditure on their training was paid partially by the oblast administration, partially, by the banks and organizations that sent them.

Immediately following the news conference, in which Samara Governor K.A. Titov took part, the certification commission got down to business.

We would report in conclusion that all the candidates successfully underwent certification by the federal commission and that they will be presented with the corresponding papers in the very near future and will be ready to demonstrate their knowledge in practice. Certificates will be received by the following representatives of Samara Oblast: I.A. Akinin, P.V. Bashirin, V.V. Bobrov, D.V. Bogatyrev, K.G. Budkin, A.P. Voytovich, B.G. Goldman, V.V. Logunov, G.N. Konychev, S.V. Spitsin, V.G. Skvortsov, L.A. Tikhonova, N.N. Tuzhik, M.A. Tyulyusov, Ye.A. Shchelokov.

Samara City Duma Holds First Press Conference

954F1173A Samara SAMARSKIYE IZVESTIYA in Russian 20 Jan 95 p 1

[Unattributed article: "They Decided, After All, To 'Expose' Themselves to the Mass Media: Samara City Duma Holds a Press Conference for the First Time in Half a Year Since Its Election"]

[FBIS Translated Text] Introducing the chairmen of the permanent commissions and deputies to journalists, M. Kulikov, secretary of the city duma, explained: The meeting with representatives of the press was not delayed intentionally. The deputies (the duma consists of 18 deputies, who basically are not free from their main work) needed time to delve deeply into the growing problems and "weak spots" in the vital activities of the oblast center and the concerns of their constituents, which are difficult and for many are associated with survival.

What is true is true. A difficult time has fallen to the lot of our representatives in the duma, and the burden of concerns is heavy. Wherever you turn, as the saying goes, the situation is hopeless. This is what the representatives of the permanent duma commissions talked about at the news conference.

Our impression? Alas, their brief reports did not inspire optimism. It seems that meetings are held regularly, and in six months a total of 32 decisions were made, but there has been no success in withstanding the onslaught of problems and circumstances.

For example, the duma commission on the economy, which has the largest membership, examined many questions: concerning the formation of the budget, taxation (the system of local taxes is not operating efficiently), city transport, the formation of prices for essential necessities (bread, milk, butter); however, it could not really resolve anything.

"At this moment, in my opinion, the commission," S. Arsenyev, its chairman, summed up, "is not having any influence on the life of the city, especially as there are no target figures for the budget."

Events in Chechnya are also exacerbating the situation, L. Zhuravleva, chairman of the credentials commission, emphasized in this connection: The expenditures on the war in this republic, and after that on what was destroyed by the war, threaten the implementation of plans for the socioeconomic development of the city.

Of the social problems, the deputies are greatly alarmed by the fact that a decree of the head of the city administration increases rent by 100 percent. As a matter of fact, taking inflation into account, it has already increased by a factor of five! Consequently, a significant part of the population will be unable to bear it and will be in default of the law. What is to be done in this situation? The question is without an answer for the time being. As are, however, many other questions of our difficult Russian existence. The deputies, alas, are not gods.

Samara City Budget Problems Outlined

954F1173B Samara SAMARSKIYE IZVESTIYA in Russian 5 Jan 95 p 2

[Article by Vladimir Moskovskiy, first deputy head of administration of the city of Samara and chairman of the economics committee: "It Is Not the Fist But the Ruble That Is Becoming the Main Instrument in Socioeconomic Policy"]

[FBIS Translated Text] I remember well when it was possible at a plant, after shouting at the director of an enterprise in a high party office, to "break free" an excavating machine for earth-moving work on the streets of the city. Today, you will not get one by yelling or shaking your fist. Today—whether you want to or not—you have to pay for the excavating machine. Budget and tax policy has become the main instrument for managing the city economy. But this means that you have to work, not with your fist, but with your head. Samara's budget for this year is now being formed. And we will remember this principle.

I will talk about the take with which we replenish the city treasury. All tax revenues are divided into fixed and regulatory. Fixed revenues are those that go completely into our accounts. According to the idea, we should have

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no less than 70 percent of all resources from such revenues. Alas, the city is allotted—God grant—20 percent of guaranteed revenues. The other 80 percent fall to the already mentioned "regulatory" income sources, and this means that the quota and norm of deductions is established for us by the province duma and oblast administration which, in turn, are in the same position of dependency on their senior partners—the state Duma and the federal government.

It is understandable that we do not want to be totally dependent on higher offices. We are making efforts to consolidate the financial base of the city's self-government by putting market mechanisms into operation: selling rights to develop land parcels, to lease real estate, and for the economic management of investments, etc.

But however upset you get, 20 percent is 20 percent, and you cannot transform it into 100 percent. Therefore in forecasts it is necessary to proceed from existing realities. Indeed, even to make allowances for the unpredictability of the federal authorities. That is why three versions of the expenditures part of the budget have to be drawn up: minimum, average, and maximum. The minimum budget—which also means the most realistic sum—is R1.2 trillion. The maximum—R2 trillion. We will proceed from the minimum budget.

In order to live through the next year without disruptions, it will be necessary to increase expenditures on the protected articles of the budget; that is, those that under conditions of inflation are financed first of all and in full. Traditionally these include the wages of employees of budget institutions, taking into account dues to off-budget funds (pension, employment, social, and compulsory medical insurance), pensions and allotments, the purchase of medicines, expenditures on food, and compensation payments for children. The list, I repeat, is traditional. But the expenditures are increasing in an untraditional way. For example, it was established by decisions of the federal organs of authority that payments to parents to support children in preschool institutions cannot exceed 20 percent of the real cost of expenditures. The remaining 80 percent of expenditures for city kindergartens and nurseries is borne by the budget. In connection with the "shedding" of their social programs by the departments, the number of municipal preschool institutions is growing like an avalanche. If this avalanche is not controlled, and if its consequences are not provided for, the city could simply become bankrupt.

After the protected articles of the budget, the second group of priorities is support at the appropriate level of facilities that ensure the normal functioning of the social and community sphere of the city's economy.

Well, the third group is the future development of the city's economy: maintaining the pace of housing construction; increasing the energy, heat, and water supply capacity; and completing the construction of previously started facilities in health services, public education, and culture.

Thus, this is approximately everything that the minimum budget can allow us. Naturally we will employ all our powers for a maximum increase in its volume. The most direct and quickest route is to use the aforementioned budgets and funds for the implementation of city programs as fully as possible. After all, it is no secret to anyone that we never receive all the necessary resources for the construction of facilities of federal significance, for example, the metro, and those that do come in arrive late and are devalued by inflation.

The second route does not produce quick results, but on the other hand it is promising. This is the creation of a favorable economic environment for stabilization of the activity of existing taxpayers and the appearance of new rich taxpayers. For this purpose, an integral doctrine has been worked out for the development of industry for local conditions. According to it, the city should shoulder tasks it is capable of: helping in the formation and consolidation of production and structures with a work force of up to 2,000 persons. Translating this into today's generally accepted language, our concern is small and medium-sized business. We have already begun to create the city's first technical park on the basis of the Samara Aerospace University—a unique incubator of entrepreneurship. Substantial resources from the federal budget have been promised for these purposes.

Such are the initial outlines of the city budget. It is not ruled out that we will not receive its target figures "from above" until March, as happened in the last two years. We are ready for such a turn of events. In any case, we will do everything possible to ensure that the budget rubles of Samarans work for their well-being.

Samara Labor Chief Views Unemployment

954F1179A Samara SAMARSKIYE IZVESTIYA in Russian 6 Jan 95 pp 2, 4

[Interview with Nikolay Nikolayevich Grishchenko, director of the Samara Oblast Employment Center, by Margarita Zhutova; place and date not given: "Work There Is and Work There Will Be—For Those That Want To Work"]

[FBIS Translated Excerpt] [Zhutova] A new year should by tradition start with a summation of the results of the past year. So....

[Grishchenko] A most telling figure for our service: Over 70,000 persons applied to us last year on the most diverse matters—for consultation and with the problem of loss of job and inquiries concerning retraining. More than 45,000 on questions of employment directly. Approximately 18,000 of these were young people (29 years of age and younger). Women, more than half. The

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handicapped and persons discharged from the army and also those returning from places of imprisonment, up to 1,500.

A few further base figures: Approximately 15,000 persons of the total that applied to us in this connection were found employment. One out of every three, that is. And just over 15,000 persons in the oblast have unemployed status.

[Zhutova] Some explanation is needed here, evidently. Some 30,000 have either been found work or are in receipt of unemployment benefit. But 45,000 applied altogether....

[Grishchenko] The remaining one-third are those that would like to change jobs. Or those who have not worked for a long time and who have now decided that it is necessary. Women homemakers, for example.

The unemployment level in the oblast is 0.83 percent on average.

[Zhutova] The differentiated figures are indicative.

[Grishchenko] I agree. The highest indicator—6.6 percent—is in the city of Oktyabrsk. There are 874 unemployed here. This indicator is below this percentage, but above average in Neftegorsk and Borskiy, Bogatovskiy, and Pestravskiy Rayons. There are 26 of 34 such territories altogether.

[Zhutova] Unemployment in the villages—is this not a paradox? This, it would seem, is where there is sufficient work for everyone....

[Grishchenko] Well, we are talking about the official social status. And there are some in the countryside who have not had such for a long time, perhaps. Whereas initially unemployment in rural areas grew because office employees and employees of the service sphere who had been let go in the rayon centers—the old consumer service center network developed rapidly—now the indicators are growing because of those that are prepared to resume work. Women, say, who have for a decade been busy with the home, the family, outside chores. Now they are not averse to going to work. They register with the employment office. As a result the unemployment indicator in the country is 7.8 percent compared with 0.6 percent in the towns.

[Zhutova] And how do we match up against the all-Russian background?

[Grishchenko] In terms of the level of unemployment Samara Oblast is one of the most fortunate. The highest indicator is in Ingushetia. Then come Ivanovo, Yaroslavl, Pskov, and Kirov Oblasts and Mordovia—from 8 to 4.4 percent.

[Zhutova] So the regions with a formerly powerful military-industrial complex have not "caved in" as catastrophically as many people have been accustomed to think?

[Grishchenko] This is how it would appear from the figures. For comparison: In Sverdlovsk Oblast the level of unemployment is 1.5 percent, in Chelyabinsk, 1.2 percent. Somewhat higher than in ours. But we should not make absolutes out of these figures. They hardly testify to successful structural reorganization or the stabilization of production. It is no secret that the conversion enterprises are resorting to all kinds of contrivances—multi-month furloughs without pay and such like, which is called indirect, hidden unemployment, just as long as the personnel potential is retained. But this unsteady "balance" cannot continue indefinitely. And last year we were already observing a trend toward an acceleration of the rate of increase in unemployment. It was not as noticeable in our province as in, say, Karachay-Cherkessia (the highest percentage in Russia) but still higher than the Federation average. Which points to far from glowing prospects on the labor market.

We may even now speak about the absolute variance of the structure of unemployment and the actual vacancies. For example, we have with almost 10,000 vacancies 15,000 unemployed. Why? Because approximately 80 percent of the vacancies are jobs for workers. And there are not that many workers among the unemployed. By no means, as a rule, the specialists that production needs, what is more. Nor is this all. Up to 90 percent of the vacancies are announced in Samara and Togliatti. But the unemployed are in the small towns in the countryside....

[Zhutova] We simply do not have, then, as these examples of yours show, a civilized labor market. Because it simultaneously presupposes a housing market also. Workers are needed in Samara, let us say, a person has left his Oktyabrsk or Neftegorsk and comes here.... But where do you go here. Where do you live? What about the residence permit?

[Grishchenko] That's all true. We need, therefore, to find a solution in accordance with these uncivilized conditions of ours, as you say. We cannot change them overnight but it is within our power to adapt to them.

There are several options. I shall mention the best. To consider, when the province's production programs are being drawn up, which territories have more spare manpower. There will be fewer problems when it comes to personnel there, consequently. The employment office also, incidentally, has opportunities, albeit limited, for supporting new job creation programs. New works, that is.

Second, retraining. I shall explain how important this is in the following example. Among the present unemployed there are quite a few economists and accountants. And nor is "accountant wanted..." an infrequent sight among the vacancies either. But our unemployed are not being taken on to a great extent. No one today needs an accountant with accounts, with, at best, a calculator. And with just one "proprietary" phrase: "It can't be done!" Specialists who know how to work with a computer are

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needed. Who have the outlook of an economist and who know "how it can be done." With legal knowledge. The same with secretaries and typists. And there are many of these among the unemployed. But other kinds of people, reviewer-secretaries are needed. In order to be able to work with faxes, computers, and dictaphones, in order to be able to carry on business conversations.

In short, modern specialists with knowledge and skills at the intersection of several professions are needed. For everyone wishing to feel confident in the present economic situation, therefore, I can advise one thing—upgrade training and retraining. Our service affords working people of the province more than enough such opportunities. And we are not only talking about those over whom the threat of unemployment looms, what is more. We are, I repeat, talking about anyone who wants to replenish his professional equipment. [passage omitted]

[Zhutova] Do many people undergo retraining in your system?

[Grishchenko] The figures are not that great as yet. Approximately 2,000 persons were involved in retraining in our system last year, and 1,200 have already completed the course. And what is indicative is that employment has been found for approximately 70 percent. But the competitiveness even of those that do not yet have a job has increased considerably, and their chances of finding work are preferred.

[Zhutova] Speaking of the alternatives of stabilizing work on the labor market, you mentioned also your own, employment office, opportunities for supporting new job creation programs. Could you talk about this in a little more detail?

[Grishchenko] Some R4 billion were spent last year from the resources of the employment fund on the support of such projects. Thanks to this, approximately 3,500 jobs were saved or newly created. These were chiefly jobs for the categories with inadequate social protection: the youth, women, the handicapped, former servicemen. Account is taken of one further factor here—the social significance for the entire province of the works in which we invest resources. We have, for example, helped the garment workers and some works of the Maslennikov Plant.

[Zhutova] Who decides whether this specific works should be supported or not or whether jobs should be created here and not elsewhere?

[Grishchenko] This is decided collegially after a thorough expert study of the business plans. We will now be accepting such projects on a competitive basis. [passage omitted]

[Zhutova] The increase in the rate of growth of unemployment should compel a search for new solutions.

[Grishchenko] This is a constant preoccupation of ours. It is my profound conviction that the blow of the obviously approaching radical restructuring of the former conversion enterprises could be softened by anticipatory retraining. But the conversion enterprises themselves lack the funds for this, and we retrain people free of charge, although we are not entitled to retrain those who are clearly due to be laid off, but who are still employed. The solution, therefore, I believe, is to make provision in the conversion programs for funds, even if they have to be repaid, for anticipatory vocational retraining. This should be stage one of any conversion program.

The federal authorities are only just beginning to approach this problem. I am convinced that it can only be resolved on the territory—it can hardly be seen from Moscow how best to spend funds on upgrade training and retraining here. Although the federal budget should be the source, of course.

We are continuing, as before, the plans for the creation of business incubators. This means a program of the training of new entrepreneurs and the creation of favorable conditions for the development of young business and new jobs. We went to the EEC with this program and obtained support. The first model business center is already being created in Samara. The Novokuybyshevsk Yelena firm could serve as our local business incubator prototype.

We are creating here a socio-psychological support service—this is very much needed by the person who has "fallen out of the nest." Psychological rehabilitation clubs have emerged here. We are "binding up" more tightly the vocational guidance services and working more closely with the vocational training system—lest we produce specialists for whom no one has long had any need.

[Zhutova] Your forecast for the present year?

[Grishchenko] Several forecasts could be made. The most realistic, but not counting large-scale bankruptcies, is unemployment at the level of 3.6-4 percent. Hidden unemployment ranging from 9 to 20 percent compared with the present 8-10 percent.

[Zhutova] In the countries of prosperous Europe and in Scandinavia real unemployment reaches 10 and, at times, 20 percent even. This is not frightening, seemingly?

[Grishchenko] It is not frightening when you are not affected. Nor should it be forgotten that the countries are, truly, prosperous, and you can live a middling-to-fair life, according to our concepts, on unemployment benefit. And the loss of social status by part of society is painfully reflected throughout society. With us everything is different. For this reason the struggle against unemployment is for us one of the year's most important social tasks. How successful the year is will depend on

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how we cope with this task. Not only for "individual" citizens of ours but for the entire province as a whole.

'Ministry of Truth' Formed in Kemerovo Oblast

954F1193A Kemerovo KUZNETSKIY KRAY in Russian 12 Jan 95 p 1

[Article by Vasiliy Popok, under the "Press Conference" rubric: "The Oblast Administration Forms a 'Ministry of Truth'"]

[FBIS Translated Excerpt] Head of the oblast administration apparat Yevgeniy Teplyakov began his press conference by explaining who he was.

Basically, he is an "organization guy," and he is entrusted with something along the lines of a former organization department of the oblast committee of the CPSU—working with the territories. But that is just part of the functions; generally speaking, his concern is "ideological support of the administration's activity." He directs the lawyers; he supervises the collection and processing of information from the localities and higher; he is the topmost chief of the information-analytical directorate, which analyzes the sociopolitical situation in the oblast and creates "models of influence."

It seems that the earlier "models" exerted Lord knows what kind of influence, and so on Monday, in Teplyakov's words, "a decision was made more clearly to systematize the provision of information to the population on the activity of the administration." Translated into the Russian tongue, this means the establishment in the office of every deputy governor, in every department, its own press service, which would start to explicate to the people how much good "the people's servants" are doing for them. Otherwise, the people sometimes do not even suspect the existence of such things.

Teplyakov supported his thought not with banal figures of achievements, but with a list of awards bestowed upon the governor for the oblast's successes. Here is the order of the patriarch, and a Cossack colonel's tall Astrakhan hat, and the title of honorary militia officer (and also a title that could have been that of an honorary road-builder, or it could have been that of an honorary railway man—I did not catch the word). The other day, some kind of gratitude was expressed by the Olympic Committee as well. Of course, what I say comes from myself, but this is no Marshall's star or golden arm, although on the other hand, it is not a bad theme for a joke.

And so, to make sure that no jokes are spawned, the reorganized "ministry of truth" will get to work, strengthening, raising to the proper heights, and, possibly, pinpointing the "ideological support of the administration's activity."

After this, Yevgeniy Aleksandrovich went on to the main issue. That is, to the fact that the deputies of the Legislative Assembly had decided to conduct their session on 25 January, whereas it should be conducted before the old-style New Year, 13 January; otherwise, the oblast would not be ready for the Ministry of Finance, with whom a meeting has been set for 16 January. It is on just this day that the Kuzbass must defend its programs, its socioeconomic development, receiving ahead of other oblasts Finance Ministry promises of money.

In answer to KUZNETSKIY KRAY's question whether 10 days' delay would "shake the world," the apparat head said that imposing our conditions on the Finance Ministry is "fraught." In general, one must live in peace with the government. One time the governor related that other oblast leaders were walking around the ministry corridors, cozying up to them there, and where one does not beg, another will be successful. In a word, the administration will get the representative power to say its say on exactly the 13th, and that say should be positive with respect to the regional socioeconomic programs. [passage omitted]

Murmansk LDPR Chief Comments on Goals

954F1168B Murmansk POLYARNAYA ZVEZDA in Russian 6 Jan 95 p 2

[Interview with D.G. Malyshev, head of the Murmansk Liberal Democratic Party of Russia [LDPR] organization, by Ye. Denisenko; place and date not given: "'I Am Sick of the People Being Considered Cattle...'"]

[FBIS Translated Text] **His biography, as Dmitriy Gennadiyevich Malyshev himself says, is most ordinary: school, the History and English Department of the Murmansk Pedagogical Institute, the army, marriage, birth of a daughter, teaching—at school, in special classes in the liberal arts field that he organized at his alma mater.... But as of February of last year a page that has attracted the attention of newspapers and television began in his life: Malyshev became the "local Zhirinovskiy." That is, he came to head the Murmansk Liberal Democratic Party of Russia [LDPR] organization. Dmitriy Gennadiyevich quit school last November, moving to a tiny office in the oblast "White House"—as assistant to A.V. Filatov, deputy of the State Duma. This has no bearing on his party activity, for that matter—Malyshev engages in the implementation of liberal democratic ideas in time off from his main work. How does he?**

Out of profound ideological conviction? In the name of hidden political ambitions? What did this 30-year-old, pretty well educated (by our standards) member of the liberal arts intelligentsia find attractive in the scandal-ridden personality of Vladimir Volfovich?

"I do not care to talk on this subject," my interviewee confided to me.

[Denisenko] Why?

[Malyshev] Explaining why you choose some party leader is just as difficult as explaining why you married your wife.

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[Denisenko] Just as intimate?

[Malyshev] Largely, yes. In actual fact, none of those in the offices of power could honestly and candidly say why they went for some leader or the other. It is largely a confluence of circumstances. That kind of work.

[Denisenko] But it was not "that kind," your work.

[Malyshev] It was not. But I was offered such work. I agreed.

[Denisenko] Had it been suggested that you work for Gaydar or Yeltsin, would you have agreed?

[Malyshev] Probably not. I do not want to appear a hypocrite but nor do I want to be an extremely ideologized idiot, who, foaming at the mouth, defends the brilliance of his leader.

[Denisenko] After what did you decide that you and liberal democrats were on the same path?

[Malyshev] After a personal meeting with Zhirinovskiy. I was amazed, astonished, and I don't know what else to say. It is no secret that previously I had spoken about Zhirinovskiy skeptically and sarcastically even. When he came to Murmansk, we were to meet with him.

[Denisenko] In what capacity?

[Malyshev] Well, I had been recommended to him. I went, anticipating a magical spectacle—some Russian fuehrer. I do not know what I was expecting of him—a Bonaparte pose, weirdly loose behavior.... I saw a perfectly normal individual, tired after his appearances, who conversed with us in perfectly normal fashion, laying no claim to the role of super-leader. After this, I realized that it was possible to work with him.

[Denisenko] What is your attitude toward the popular words that come "from Zhirinovskiy"?

[Malyshev] What, does Yeltsin not have them? If only the fact that our president should have lain down on the railroad track long since. You, as a journalist, can explain better than I how such "popular expressions" appear. This happened with me also: I was having fun during an interview, and later I see that the following heading has been set in huge type: "I'm of the Pepsi generation." Without quotation marks even. The story is the same as regards the "my father was a lawyer" story, incidentally—Vladimir Volfovich was simply joking, expecting the audience to understand to what he was referring.

[Denisenko] The press can raise up, the press can kill off. But why, in your opinion, was the role of musical-comedy fuehrer chosen for Zhirinovskiy?

[Malyshev] Let us immediately cast aside the stories involving the KGB, Sterligov, Mavrodi—it is ludicrous to discuss this at the local level, having no information. But of the modern democrats, Zhirinovskiy has understood most fully the structure of Western elections. The majority of politicians operate with us from purely Western positions. But they do not like the people, they profoundly despise them. How about their statements amounting to the fact that the leaders with us are fine, the people, cattle. Zhirinovskiy played the people card. The former were scared of him.

[Denisenko] But the opinion of society....

[Malyshev] What society? The thousands-strong meetings that he assembled? The millions who voted for him? Who considered Zhirinovskiy a fool? Only a thin stratum of the liberal arts intelligentsia, which calls the workers cattle. Cattle, really? At some point this began to sicken me, I felt that I belonged to society as a whole, not only to the intelligentsia. But then there comes a leader who does not say that the president has left for a "summit" and that the deputies have gone on "vacation," and the members of the liberal arts, largely determining the opinions of the rest, begin: "He needs to be stamped out, he is not like us, he speaks the simple Russian language. We will be better off listening to Gaydar, who will bring we ourselves do not know what, than to a person who knows how to handle vox populi."

[Denisenko] What are you doing at the local level in support of your "popular leader"?

[Malyshev] We are first and foremost a parliamentary party. The main task, consequently, is participation in elections and preparation for them. And the prescription here is the same in all world practice: canvassing, speeches, work among the masses. But how about these "appearances before the masses"! I am now saying a dreadful thing, most likely: Having rubbed shoulders with people, I have concluded that it is a sin not to fool our people! They are so trusting, ideologized, and devoted to the idea of a supreme divine authority. People do not remember what they themselves said and thought two years ago. Employing a crude term, you can "shove" onto them what you like. True, a different feeling: deceiving such credulous people is a sin also, prevails.

[Denisenko] How many members does your organization have?

[Malyshev] In Murmansk, 63. In the oblast, about 200. This is the fixed membership. The middle intelligentsia, in the main, aggrieved, as they say now: doctors, teachers, engineers. Middling businessmen—those same former engineers. Many of Zhirinovskiy's admirers, disenchanted with us, are leaving. The things they demand of me! Remember how last March Yeltsin was unambiguously frightening people with the prospect of a coup? One person comes running to me—what are the instructions? Go and listen some more. "No, what will we be doing," he says. Take a pitchfork, commit an act of terrorism. A joke, of course.

[Denisenko] Do you personally anticipate that you might one day leave Zhirinovskiy?

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[Malyshev] Of course! I did not marry him! When in 1988 I attempted to join the CPSU to continue my graduate studentship, this was essential, there was an amusing incident. I went to the rayon party committee and burst into "sobs": either way, I have to have party membership. I was told: "This is good, we need young communists. Do you have the recommendation from the Komsomol rayon committee with you?" No, I said, I left the Komsomol a year ago. "What do you mean, left? Does this mean that you could leave the party also?!" Here I became very much excited also, and I said, very simply, that I could—I was not joining the mafia! This was the end of my attempt to join the communists.

Murmansk Socioeconomic Statistics Reviewed

954F1168A Murmansk POLYARNAYA ZVEZDA in Russian 11 Jan 95 p 2

[Report of Murmansk Oblast State Statistics Committee: "What We Have Done, What We Have Not Done"]

[FBIS Translated Text] In the period January-November industrial enterprises produced R3.5 trillion of output in current prices.

The physical volume of production declined 11 percent compared with the corresponding period of the year before. The decline in November constituted 7 percent.

Electric power generation declined 21 percent compared with January-November 1993. The production of iron concentrate declined 7 percent, apatite concentrate, 16 percent, and sulfuric acid, 34 percent. In the timber and wood-processing industry output declined 55 percent.

The manufacture of precast ferroconcrete structures and products in January-November constituted 35 percent of the level of the same period of 1993, and of wall materials, 54 percent. The production of nickel and aluminum declined 4 and 8 percent respectively. The manufacture of blister copper (15 percent), refined copper (13 percent), and cobalt (7 percent) increased.

The production of consumer goods fell 16 percent, including foodstuffs, 16 percent, and nonfood commodities, 39 percent. The production of food and nonfood commodities declined 30 and 41 percent respectively in November 1994 compared with November 1993.

In January-November enterprises and organizations of various forms of ownership assimilated from all sources of financing R311.1 billion of capital investments, and of these, R150.6 billion (48 percent of the total) at production facilities.

The amount of contract work performed on their own by organizations of various forms of ownership declined 53 percent and constituted R401.8 billion. Since the start of the year enterprises and organizations of state and municipal forms of ownership have commissioned 59,300 square meters of housing.

In the period from January through November enterprises and organizations of the oblast supplied for export products and rendered services totaling $573.4 million. Fish (fresh and frozen) accounted in the total export products for 30 percent, apatite concentrate for 10 percent, and iron-ore concentrate for 2 percent.

In 11 months of 1994 enterprises and organizations of the oblast imported $131.3 million of products. Machinery and equipment accounted for 24 percent, ground transport facilities for 7 percent, and clothing and footwear for 2 percent.

Some 117 enterprises (facilities) were privatized in the oblast in the past 11 months. Some 29,662 apartments, which constitutes 83 percent of current applications, were transferred to the ownership of the citizens.

According to a preliminary estimate, as of 1 January 1994 the population had declined by 16,300 persons (1.5 percent) since the start of the year and constituted 1.0752 million persons.

The numbers of those employed in the oblast economy in October constituted 351,000 persons, which corresponds to the September level.

At the end of November the number of citizens on the jobs register at the employment offices constituted 25,500 persons, of whom 22,400 (88 percent) had official unemployed status.

In November the population of the oblast had an income of R358.1 billion. Compared with November 1993, it had increased by a factor of 2.7. Real income declined 27 percent. Nominal per capita monetary income constituted R333,000.

According to an expert estimate, total commodity turnover (counting sales in unregistered enterprises and commodities realized by private individuals) in January-November of last year constituted R1.7 trillion. The retail commodity turnover of the official tracked enterprises and organizations of trade and public catering was R1.1 trillion and increased by a factor of 3.8 in actual prices compared with the corresponding period of the previous year. The physical volume of sales declined 25 percent.

The extent of the realization of consumer services for which a charge is made in January-November 1994 amounted to R209.8 billion, which in actual prices was six times more than in the corresponding period of 1993, and in comparable prices, 70 percent less.

Economic Issues

Chechen War Damage Estimated at 3 Trillion Rubles

LD0902174095 Moscow ITAR-TASS in English 1611 GMT 9 Feb 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

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[FBIS Transcribed Text] Moscow February 9 TASS—It will cost Russia three trillion roubles to rebuild houses, roads, and various facilities destroyed in the armed conflict in Chechnya, "Gosstroy" Construction Committee Head Yefim Basin told a meeting of the government's operational headquarters on Thursday.

Russia has to rebuild 1324 houses, 74 schools, 76 kindergartens, 13 clinics, three theatres, the republic's library, a railway station, 17 bridges, 180 kilometres of roads, 500 kilometres of water and heat supplying lines, more than 200 boiler rooms and other facilities, the official said.

Fedorov Scores Ineffectual Economic Reform

MM0802120395 Moscow IZVESTIYA in Russian 7 Feb 95 p 2

[Article by State Duma Deputy Boris Fedorov: "Pulling the Federal Cart in Different Directions"]

[FBIS Translated Text] The latest world economic forum ended in Davos (Switzerland) last week. Here is the curious evolution of Russia's official participation in this event:

1993: Heading the delegation was the confident *Chernomyrdin,* who proved to everyone that Gaydar's departure did not mean the abandonment of reform.

1994: Chernomyrdin disavows his statements about the end of economic romanticism and combating inflation with nonmonetary methods. There is no end of statements about reform and stabilization.

1995: Chernomyrdin does not attend, since it is hard to talk about reform and stabilization for the third time running without any results.

Russia was this time represented by Chubays, who was handed a trump card before he left in the form of Polevanov's removal from his post and the issuing—just in time for the new year—of the decree abolishing oil export licenses and quotas. This would not be important if we did not know:

—who had appointed Polevanov, who had protected him, and where he now works;

—how many times the abolition of quotas and licenses had completely thwarted by the interests of the powers that be and today exists only on paper and only for the IMF;

—about the true results of 1994.

In January 1994 the Finance Ministry published a report on the results of 1993, but I doubt that anybody would dare repeat it on the basis of the results of 1994. The reason is that there is nothing to write about. So let us look at the results of the year ourselves.

1. Production and gross product *fell more* than in 1993, unemployment grew and investment was almost nonexistent—there is no sign that economic policy is leading to an upturn.

2. Inflation over the year as a whole was down on 1993. But after the positive results for 1993 are "stripped out," *inflation rose sharply.* After three years of fighting inflation, prices rose this January by 18 percent!

3. An alarming result of 1994 was the fact that *domestic prices stopped narrowing the gap with world prices* (the exchange rate fell as prices rose). The result was continuing stagnant production and a decline in productivity.

4. Russia's gold and foreign-currency reserves halved, its foreign debt continued to rise, and any further increase would be very dangerous.

5. There has been no tax, agrarian, or pension reform, financial, monetary, lending, and social policy, or much else besides associated with genuine reform.

Virtually nothing has been done, but we keep being told that we are staying the course. Take the problem of the miners—after a few years of window-dressing we are again on the threshold of strikes. The time has come to propose some concrete things and do them, rather than keep pulling the wool over people's eyes. If you do not know what needs to be done and in what way, then ask. At any rate, we would like to understand what the "course" is.

The political results of the year are even more "impressive."

The weakening of the central authorities—and, consequently, of the state—in the form of "agreements" with the republics and the virtual tug-of-war between the authorities, whereby certain presidents and governors are increasingly behaving like feudal princelings.

Nobody takes seriously the attempt to achieve national consensus not on the basis of legality and order but on the basis of the signing of strange agreements on consensus. *There is no consensus.*

The government, despite periodic shocks, is like the swan, crab, and pike [of Krylov's fable] pulling the country in different directions *without any vision of the future.* As long as we can get through the day, as long as we can get through the night.

Parliament, in which not a single party *has a majority, is also marking time.* Moreover, many deputies suffer from the White House syndrome—if they can suddenly be disbanded, it is better to take no risks.

The ineffectiveness of the executive and the legislature are increasingly obvious.

What have we come to? Meetings between the president and the premier are commented on quite naturally as

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important political events. When necessary, all important statesmen get themselves admitted to hospital. It is time for Russia to take its place in the Guinness Book of Records—0.7 percent of parliamentarians have been murdered in just a single year.

The conclusion is that in economics and politics we will see improvements only after the next parliamentary elections and after we have changed a government that does not have a policy. Unfortunately, 1995 will be lost—just as 1994 was. If we continue to be this indifferent, we will lose 1996 as well.

I heard it said in Davos that the government should not be criticized or it would not provide any money. Familiar arguments, are they not? *A false concept of patriotism.* Power is being confused with country and people. As was the case in the recent past.

Why should we borrow billions of dollars, if there is not a single person who believes that they will be spent properly?

Property Committee To Conform to Economic Reform Policy

LD0902192395 Moscow INTERFAX in English 1725 GMT 9 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 9 (FIA)—The work of the State Property Committee will conform to the policy of economic reforms followed by the Russian government and president, Sergey Beliayev said on Thursday in an exclusive interview with the Financial Information Agency. On Wednesday he was appointed chairman of the State Property Committee under a presidential decree.

"I have worked for many years in the team which is carrying out economic reforms in Russia and so there are no reasons to presume that I will try to alter that policy," Beliayev pointed out.

Many analysts believe that Beliayev is a "man from Chubays's team". In the autumn of 1993 Chubays promoted Beliayev from the post of head of St. Petersburg's Property Committee to the post of director of the Federal Department on Insolvency (bankruptcy) under the State Property Committee in the rank of First Deputy Chairman of the State Property Committee.

Before that Beliayev held the post of chairman of St. Petersburg's Property Committee and served as a deputy of the City Council. A graduate of Leningrad's Polytechnical Institute, he is 40 years old. He is married and has two daughters.

Proceedings of Davos Economic Forum Reported

MM0902150395 Moscow ROSSIYSKAYA GAZETA in Russian 7 Feb 95 First Edition p 7

[Article by Aleksandr Krasulin: "Gentlemen! Do Business in Russia. In Davos Some Russians Defended the Country's Interests, Others Reviled Its Leaders"]

[FBIS Translated Text] The 35th World Economic Forum in the Swiss resort of Davos brought together members of the world's political, academic, and financial elite. And despite the designation economic, its participants discussed a wide range of issues relating to social development, ecology, and international relations.

Attention was focused on questions of reforming the United Nations and the future political and economic structure of Europe. Luxembourger Jacques Santer, president of the European Commission, said, in particular, that an all-European defense and foreign policy needed to be elaborated as a matter of urgency. According to him, support for the EU among the population of the European countries is dwindling. Many see it as a bureaucratic organization divorced from life. In order to change this perception, Santer said, it is necessary to unite the member countries in an economic and currency union which will demonstrate the real advantages of unification.

As in past years, one of the main topics of discussion was the situation in Russia. But whereas a year ago the departure from the Russian Federation Government of several figures whom the West regarded as the most consistent advocates of economic reforms produced a pretty strong reaction, today Western politicians and entrepreneurs were fairly restrained in their response to the situation in Chechnya. What they were concerned about was the possibility of Russia's using international aid to resolve the Chechen problem. But what the Russian representatives said reassured them somewhat. "We hope the problem will be solved by and large swiftly and peacefully, stability will be restored, and the violence will end," British Chancellor of the Exchequer Kenneth Clarke said. He noted that the Russian side had assured its Western partners that all the costs would be within budget norms. "One of the keys to continued Western aid and financial assistance for Russia is for it to stick to the previously determined budget guidelines," he said. "This help is possible only if we consider that the present situation in Russia is conducive to economic reforms."

A large group of representatives of regions and republics of the former USSR and now independent states had their own problems to solve. At a news conference of leaders of Russian oblasts and regions Boris Nemtsov, governor of Nizhniy Novgorod; Mintimer Shaymiyev, president of Tatarstan; Mikhail Nikolayev, president of Sakha-Yakutia, and Leonid Roketskiy, chief of the Tyumen Administration, tried, each in his own way, to persuade the forum participants of the advantages of investment in their territories. Turkish Prime Miniuster Tansu Ciller met with the presidents of Azerbaijan and Kazakhstan and discussed matters connected with the possible laying of pipelines from these republics to Turkish terminals in the Mediterranean.

Grigoriy Yavlinskiy used the Davos platform in his campaign for the Russian presidency. But instead of

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specific and clear-cut programs to get Russia out of the crisis and improve his fellow citizens' well-being, he engaged in traditional criticism of the present authorities. "Russia is not a democratic country and its leaders still do not represent the people," he said. Referring to the results of a public opinion poll, he said that Boris Yeltsin was finished and must go.

Certainly, anxiety over the future of the Russian reforms was one of the dominant themes of the forum, but, according to observers, this anxiety is regarded as being due primarily to the evident political instability in Russia and the efforts to influence the independent media.

But pragmatism and common sense prevailed. The forum participants' doubts were dispelled by Russian delegation head Anatoliy Chubays, first vice premier of the Russian Federation Government. The course of economic reforms in Russia is irreversible. The pessimistic forecasts made at last year's World Economic Forum sessions were not borne out, he said, addressing a seminar on the Russian Federation economy. Recent steps by the Russian authorities, such as liberalization of the oil market and adoption of a tough budget, show that movement along the path of market transformations will continue.

Jacques de Larosiere, president of the European Bank for Reconstruction and Development, noting that last year Russia succeeded in attracting approximately $1 billion, which is 2 percent of the world's investments, said: "Don't hesitate! Do business in Russia!"

Duma's Glazyev on Draft Budget Shortcomings

MM1002120095 Moscow KRASNAYA ZVEZDA in Russian 10 Feb 95 pp 1, 3

[Interview with Sergey Glazyev, chairman of the parliamentary Committee for Economic Policy, by Captain 2d Rank Vladimir Yermolin; place and date not given: "Draft Law on the Budget: Will Amendments in the Interests of the Country's Defense Be Adopted?"—first paragraph is introduction]

[FBIS Translated Text] Sergey Glazyev, chairman of the parliamentary Committee for Economic Policy, tells us about the situation that has taken shape over the draft law on the federal budget for 1995, on the eve of the decisive vote.

[Yermolin] For obvious reasons, our newspaper is paying a lot of attention to the formation of the defense budget for 1995. But national defense spending is, as we know, determined by the potential of the federal budget as a whole. How would you characterize this potential, Sergey Yuryevich?

[Glazyev] The government draft budget is based on a very simplistic idea: The budget deficit must not exceed 7 percent of GDP, and it must be covered only by noninflationary means. This draft does not contain any other ideas at all. But it is not possible to make a budget that will resolve the state's main socioeconomic problems solely on the basis of the aforesaid idea. The government has taken the path of more or less equal reduction of expenditure depending on the estimated volume of income. The draft does not tackle a single one of the pressing tasks facing our country's economy and society today, but on the other hand it envisages, in our view, a rather adventurist means of eliminating the budget deficit. As was confirmed, incidentally, by the Conciliation Commission, when it found that out of more than 30 trillion rubles [R] destined for the purchase of state bonds, it was actually proposed to take 16 trillion from the state treasury, from the Central Bank. That is to say, from credit emission. But it will cost the state tens of times more than ordinary Central Bank credits. This is a totally inefficient and irrational way of financing the budget deficit. Among other things, we, the "Democratic Party of Russia" faction, could not agree to a sharp increase in the foreign debt as a means of financing the budget deficit. That is why I and my colleagues in the faction voted against the adoption of the draft federal budget at the first reading. Nonetheless, let me remind you, the Duma did adopt the draft at the first reading.

[Yermolin] Maybe the deputies saw no alternative?

[Glazyev] The fact is that we did not simply criticize and reject, we proposed our own version, whereby it was proposed to increase state appropriations for investments and research and development, and the degree of protection of the domestic market was increased by means of a rise in customs tariffs. A more carefully considered policy was also proposed for determining the exchange rate, chiefly in the interests of Russian commodity producers and of boosting their competitiveness.

And ultimately, by pursuing these three strands—boosting investment activity, protecting the domestic market, and increasing commodity producers' competitiveness by controlling the exchange rate—we could guarantee to ensure economic growth in 1995 within the range of 2 percent. Yet the government draft proposes accepting a continued decline in production of 8-12 percent, with a reduction in capital investments. It seems obvious which option is preferable: Growth is better than decline. All the same, the government prediction for 1995 was not revised. And the result? Attempts at all costs to squeeze the money supply in conditions of growing inflation will lead only to an even bigger decline in production than in the government's prediction. According to our estimates, this decline could exceed 15-20 percent. Like in 1994. Which will mean the collapse of all high-tech Russian industry and the final loss of the country's defense capability.

[Yermolin] The spread of opinions among the deputies had not changed much by the second reading.

[Glazyev] Unfortunately. Although by that time it had become clear that the government prediction contains unrealistic inflation rates (2.5-3 percent). The events of

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last December, when inflation galloped up 16 percent, and then January, showed that inflation in the first quarter will amount to an average of 12 percent a month, while the government prediction says 4.5 percent. What does this mean? All budget-funded areas, including defense industry, will receive 8 percent less resources than they would have had if inflation had been realistically planned for. As a result, budget expenditure will be underfinanced by approximately 50 trillion. Nearly one-third. All this is incorporated in the government budget. As is the uncontrolled income because of the understated inflation rates in the draft. Whatever volume expenditure increases by, income increases by the same. But as to where it will go and how the government intends to spend it—that is also unclear as yet. That is why we were categorically opposed to the adoption of the draft budget at its second reading too. But this time too we were not heeded.

[Yermolin] From what you have said, it is clear that the defense budget is frankly doomed to be squeezed into the "dwarf" measurements allowed first by the government and now by the deputies. After two readings, as I understand it, not much can be changed in such a major item of expenditure as "National Defense."

[Glazyev] True, it is no use expecting a significant addition to the defense budget now. But we are proposing amendments which could at least partly help the Defense Ministry to resolve the financial problems. First—the defense industry's debts. To extinguish the debt to—I repeat—the defense sector of industry alone, for output already produced, R3.2 trillion should be added. Next, an increase in expenditure on research and development. And all the expenditure on the military operation in Chechnya and the restoration of its economy to be a separate item in the budget.

[Yermolin] So you do not share the Finance Ministry's profound conviction that the power departments can finance the war in Chechnya out of their own pockets?

[Glazyev] I find such statements bizarre. It is clear even to a nonprofessional that every rubie taken from the Defense Ministry's own budget for Chechnya is basically taken out of the servicemen's pay, out of the resources that were supposed to go on housing construction and on paying for the defense order.... That is why we insist that all the expenditure relating to Chechnya should be a separate item. That would be both more honest and more useful.

[Yermolin] I know your amendments for the third reading include one relating to the financing of the "Defense Industry Conversion (1993-2000)" program.

[Glazyev] It must be said frankly that since 1994 the financing of this program has been virtually suspended. All the money released for fulfilling the program before that time could turn out to be money down the drain. The modernization of enterprises had already begun, new manufacturing lines, etc., had been bought, yet now everything is at a standstill. Unfinished shops stand open to the elements, costly equipment is rusting, and skilled personnel are leaving. It is hard to imagine a less statesmanlike approach to state resources. Unfortunately, we have several of these programs that are "frozen," or in fact almost wrecked. They include the programs for "Development of Russia's Electronics (1994-2000)" and "Development of Russia's Aviation Technology (for the Period Through the Year 2000)." In all, our Committee for Economic Policy has drafted 11 amendments for the third reading. We shall have to see what their fate is to be.

[Yermolin] You are on your second draft federal budget, you have accumulated some experience of parliamentary work—how effective, in your view, is the existing system for forming and approving the state budget?

[Glazyev] Effective is hardly the word.... Here is just one answer to your question. Why did the deputies adopt such an obviously imperfect draft budget at first and second readings? Certainly not because they accept the government's budget policy. They voted "for" because they had no alternative. Two factors determine their position today: The first is the State Duma's inability to control the government and its implementation of the law on the federal budget, so "why fight over it"; the second is the threat of escalation of political tension that would arise if the deputies did not adopt the budget, with the dissolution of the State Duma as a consequence. This mixture of fear and lack of choice is what determines the deputies' position in examining the government draft federal budget. Given the existing division of powers between the authorities—the executive and the legislature—effective work on the state budget is hardly to be expected.

[Yermolin] In December the next State Duma elections are to take place. Do you expect the new composition of parliament to face the same old problems?

[Glazyev] In any case, we will try to alleviate the situation. Appropriate amendments to the Russian Federation Constitution have already been drawn up which will enable us to make the State Duma a more effective body. I hope that we will enter 1996 with a sensible division of powers.

New Currency Exchange Forms Could Revive Black Market

MM1002121195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 10-13 Feb 95

[Article by Yelena Loriya: "How To Change Currency"—from the "Supermarket" section p iii]

[FBIS Translated Text] The rumors about new regulations governing the sale of foreign-currency cash in Moscow have alarmed the capital's public. But by all accounts they should not get too worried. We are merely talking about the Central Bank's introducing as of 1

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March a new type of application form which will be issued when foreign currency is bought.

We were told by the Central Bank's Main Administration for Moscow that the new forms, unlike those currently in use, will be issued automatically. (Application forms for the purchase of amounts of up to $500 are issued only at the request of the buyer). Moreover, foreign currency can only be bought on presentation of a passport. Even if you can remember all your passport details off by heart but have forgotten your passport, you cannot even dream of buying currency (if, of course, all the exchange centers strictly observe the Central Bank's instructions).

Incidentally, law-enforcement organs often exceed their powers and, when checking documents, ask people to show them the form proving that they have bought currency, if they have it in their wallets. We were told by Aleksandr Ageyenkov, chief of the Russian Federation Central Bank Main Foreign-Currency Administration for Moscow, that "these militia actions can only be called arbitrary. Under existing legislation there is no compulsory requirement for citizens to carry a form showing how they came by foreign-currency funds. People are entitled to hold and carry any amount of foreign currency throughout Russian territory. Be it $15 or $20,000."

The first copy of the form will remain with the bank, the second will be given to the customer. But, if the amount of currency acquired exceeds $10,000, the bank will have to inform the Central Bank of the buyer's passport details.

The banks themselves have not been particularly optimistic about the Central Bank's innovation. We were told by a representative of the "Eleksbank" Foreign-Currency Administration that the new forms will complicate the procedure for selling foreign currency. After all, many pensioners—and simply some not very wealthy citizens—often buy $5 or $10 each. Nonetheless, they will still have to fill in the form, which will take quite a lot of time and create waiting lines. And there will probably not even be enough of the forms themselves. "Eleksbank" was recently issued with a small number of forms—enough to last just a week. It was only after knocking on the Central Bank's door for a long time that "Eleksbank" received another consignment.

"Yakimanka" Bank also sees the innovation as something inevitable. But, in the opinion of Aleksandr Yerokhin, chief of the "Yakimanka" Bank's Nontrading Operations Desk, the new form could scare off potential purchasers of foreign currency and reduce the volume of sales. The reemergence of a "black market" in foreign currency is quite possible too.

Flagging Western Interest Hurting Entire Privatized Market

MK1002105095 Moscow NEZAVISIMAYA GAZETA in Russian 10 Feb 95 p 2

[Report by Vladislav Kuzmichev under the "Economy" rubric: "Prices of 'RAO EES" Shares Are Sharply Down. Foreign Investors Make All the Difference on Privatized Enterprises Share Market"]

[FBIS Translated Text] The price of an "RAO EES" [Electrical Energy Network of Russia joint-stock company] share fell to 31,000 rubles early this week. According to a number of experts, it is now nearly 20,000 rubles cheaper than at the start of the year.

Experts note that the situation with this company's securities is typical for the entire privatized enterprises stock market. There are some explanations for the recently emerging crisis in this segment of the stock market.

For example, the considerable drop in the price of "RAO EES" shares, according to Aleksandr Lopatin, deputy director for assets management, results from the combined impact of several factors.

The first of them is primarily connected with the fact that Russian investors (banks, people, and so on) are unable at the moment to invest sufficient money into the stock market. The situation has worsened over the reduced flow of foreign investments and the weakening demand for Russian securities on the part of Western investors. Applications to buy stocks are down to practically nil. Securities' prices are consequently falling.

"We have concluded," Aleksandr Lopatin stressed," that it is foreign investors who make all the difference on the Russian share market. Russia has come to hold no attraction for them of late owing to well-known political and frequently purely economic reasons."

The worst of them all, Aleksandr Lopatin thinks, is the "Mexican factor." The value of the Mexican currency took a considerable plunge late last year, bringing all prices on the stock market down 35 to 40 percent; that is to say, all investors in Mexican companies sustained considerable losses. Russia is known to belong in the "risky investments" group. Had the ruble not recovered so rapidly in the wake of "Black Tuesday," we would have had a similar situation, experts think.

The second important factor in bringing down the price of "RAO EES" shares is that there are too many shares on the market while demand is weak. "RAO EES" securities may soon fall further in anticipation of the auctions slated for March when 1.628 billion [as published] shares are to be put up for sale (many more than offered in the first two auctions).

Still, despite the prevailing unfavorable conditions, a number of experts believe, one should not expect a disastrous fall in the price of this company's shares. "If there is money forthcoming from new Western investment funds by the end of March, one can expect, I think, a new rise the shares' price," Mr. Lopatin stated. However, as Aleksandr Lopatin again noted, some Western analysts think one should not expect any considerable recovery in less than six months.

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Murmansk Privatization Figures Reviewed

954F1167A Murmansk POLYARNAYA ZVEZDA in Russian 5 Jan 95 p 1

[Article by L. Plekhova, deputy chairman of the Murmansk Oblast State Statistics Committee, under the "In the Mirror of Statistics" rubric: "Privatization. How It Is Proceeding"]

[FBIS Translated Text] Over 11 months of the past year, 121 enterprises filed applications for privatization; 73 percent of them were municipal property, 17 percent—oblast, and 10 percent—federal property.

The total value of their property is R5.8972 billion, and they employ 13,700 persons.

About one-half of enterprises that requested privatization are profitable. Among the unprofitable ones, 89 percent of entities are municipal facilities.

In practical terms, 117 enterprises were privatized over 11 months, 16 of them in November. The total number of enterprises privatized since the beginning of privatization is 510.

Of the total number of privatized enterprises, 31 percent were converted to private ownership by becoming joint-stock societies (fully or partially), and 69 percent were sold.

As before, of the three preference options that labor collectives may choose from when undergoing privatization, the second option, which enables the collective to keep the controlling share of stock, is the preferred one. This preference option was chosen by 75 percent of enterprises that converted to joint-stock holding. Seventeen percent of enterprises chose the first option, and 6 percent—the third option. In addition, 2 percent of enterprises converted to joint-stock holding had been managed on a lease basis prior to that.

In January-November, 1.9704 million shares of stock were issued. Of the 810,400 shares placed among enterprise employees, 75 percent are preferred Type A stock, transferred free of charge, and stock sold at preferential terms at the price set by the Russian GKI [State Committee for the Administration of State Property]. The latter account for 13 percent.

About 414,000 shares of stock transferred to the property fund were sold through auctions, and 744,500 shares issued by joint-stock societies in January-November remained unsold.

The selling price of bought-out enterprises of all forms of ownership exceeded the initial price by a factor of 20 (fourfold in Russia as a whole on average).

Over January-November the proceeds from privatization of enterprises (including receipts for stock of enterprises sold in 1993) amounted to R11.578 billion and 315,000 privatization vouchers.

Of the proceeds from the sale of property after paying out the funds to employees of privatized enterprises, 47 percent went into the local and oblast budget, 12 percent into the federal budget, 2 percent to the federal fund for the support of entrepreneurship, 38 percent to the state organs implementing privatization, and less than 1 percent to privatized enterprises.

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International Affairs

Kuchma Urged To Withdraw Nation From CIS

LD0902190995 Moscow ITAR-TASS in English 1839 GMT 9 Feb 95

[FBIS Transcribed Text] Kiev February 9 UKRINFORM-TASS—The Council of Democratic Parties of Ukraine appealed to President Kuchma to announce Ukraine's withdrawal from the Commonwealth at the CIS summit in Almaty.

The council said in a statement released on Thursday that Ukraine's membership of the Commonwealth of Independent States was acquiring an ever more immoral character and threatening its sovereignty.

"How can we stay in the same commonwealth with a country which disgraced itself before the whole world by making genocide its aim with regard to the freedom-loving Chechen people?," the statement queried.

"It is naive to think that the compromises, to which Ukraine has agreed in order to attain equality with Russia within the framework of the Commonwealth of Independent States, can suit people who profess a Zhirinovskiy ideology.

"Only Ukraine's withdrawal from the CIS will make clear to Russia our state's spirit of partnership and its firm desire to build relations on a bilateral basis," the statement said.

Republic Agrees To Lease Sevastopol Naval Base to Russia

WS0902142895 Kiev INTELNEWS in English 0028 GMT 09 Feb 95

[FBIS Transcribed Text] Kiev, Feb. 8—Ukraine agreed Wednesday [8 February] to lease to Russia the Sevastopol naval base in Crimea once the Black Sea Fleet [BSF], currently jointly administered by both states, is divided, according to a Declaration on the Problems of the Black Sea Fleet signed by Ukrainian and Russian first deputy prime ministers.

The period and details of the lease will be outlined in a special agreement to be signed on Russian President Boris Yeltsin's visit to Ukraine, said Ukrainian First Deputy Prime Minister Marchuk. But officials refuse to say when Yeltsin's visit will occur.

Russia will also use "a few other bases on Ukrainian territory," said Marchuk. He refused to specify the exact sites.

To avoid further ethnic tensions, each BSF serviceman will choose whether to serve on either the Russian or Ukrainian fleet, regardless of the age of the sailor. This may prove an opportune moment for aging sailors because Russian pensions are markedly higher than those offered in Ukraine. "We have given priority to human rights," said Marchuk.

The decision is apt to provoke an outcry from Ukrainian rightist parliamentarians who believe no foreign armed forces should be located on Ukrainian territory and cite Ukraine's military doctrine of neutrality. Parliament is scheduled to review next week the law on the status of foreign armed forces in Ukraine.

"It is impossible for Ukraine to have joint forces with Russia because the two countries have completely different military doctrines. But they can work in unity to meet specific interests," said Dmytro Stepaniuk, head of the Ukrainian Parliament Committee on Crimea.

But Marchuk claims the law will not affect the BSF. "There are problems which cannot be resolved quickly. Even if the law is passed, it will not affect the Fleet because it cannot yet be recognized as a foreign force. It has dual ownership status," said Marchuk.

U.S. Inspection Team Visits Former Missile Base

WS1002105295 Kiev UKRINFORM in English 0840 GMT 10 Feb 95

[From the "Current Events" feature]

[FBIS Transcribed Text] As the Ukrainian Defense Ministry's press service reported, a group of U.S. military inspectors visited a former missile base in Odessa Oblast on February 7 through 9 with a view of checking Ukraine's compliance with the Agreement on dismantling medium range ballistic missiles and intermediate range ballistic missiles.

Kiev Unable To Repair 'Dangerous' Nuclear Plants

AU0902205995 Paris AFP in English 2030 GMT 9 Feb 95

[FBIS Transcribed Text] Kiev, Feb 9 (AFP)—Ukraine warned the world Thursday [9 February] that it cannot afford to carry out annual repairs to its five nuclear power plants, among them Chernobyl.

"The nuclear energy sector is not in a position to carry out the repairs planned for the spring and summer," Mikhail Umanets, president of the state committee for nuclear energy, told a news conference in Kiev.

"We have no spare parts, no fuel. We cannot replace the equipment that needs to be changed," he said. The five power stations have 14 reactors in operation.

The major industrialized countries of the Group of Seven (G7) have promised financial aid to close down the country's antiquated and dangerous nuclear plants

Umanets, who has ministerial rank, said his committee would be writing to Ukrainian President Leonid Kuchma to warn him that it "absolved itself of all responsibility for the carrying out of repair work."

He said the civil nuclear sector needed between $120 and $140 million.

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"There has never been enough attention paid to nuclear energy in Ukraine," he said.

He described the talks between the G7 and Ukraine over the closing of Chernobyl, 120 kilometres (75 miles) from Kiev and scene of the world's worst civil nuclear disaster in 1986, as "difficult, but not without results."

He said the West was no longer saying, as it was three or four months earlier, that Ukraine had to close reactors at once or it would receive nothing.

Chernobyl could not be closed down until there was adequate electricity production to supply Slavutich, a town of 30,000 people 45 kilometres (30 miles) from Chernobyl, he said.

Umanets raised the possibility that reactor number two at Chernobyl, closed since a serious fire in 1991, might be reopened and said it would be repaired if the money could be found.

Reactors numbers one and three are still being operated at Chernobyl. The fourth reactor exploded and burned in the disaster of 1986, sending a pall of radioactive fallout across much of Europe.

Kiev To Contribute To Alpha Space Station Project

LD0902180595 Kiev UNIAN in Ukrainian 1400 GMT 9 Feb 95

[FBIS Translated Text] Kiev—The National Space Agency of Ukraine and the Russian Space Agency have reached agreement on the participation of Ukrainian enterprises in building the international space station Alpha, Volodymyr Horbulin, adviser to the president of Ukraine for national security issues and secretary of the National Security Council, told UNIAN. He said this was the result of the negotiations held in Moscow today between Andriy Zhalko-Tytarenko, the acting director general of the National Space Agency of Ukraine, and the main subcontractor for Alpha Space Station and main designer of the base module "Energiya," Yuriy Semenov.

Volodymyr Horbulin said Kharkov's "Khartron" scientific and production association will develop a positioning and base module control system, to be used in the international space station. The project will also employ the Ukrainian carrier rockets "Proton" and "Zenit." He added: "Ukraine, however, cannot yet lay any claim to participation in this project as a partner on equal footing with the USA and Russia."

Commenting at the request of UNIAN on the agreement on cooperation in the area of the rocket and space industries, signed by Valeriy Shmarov, Ukraine's defense minister and deputy prime minister, and Oleg Soskovets, the Russian Federation's first deputy prime minister, Horbulin said that "it is only by developing space technologies together that Ukraine and Russia will be able to occupy a worthy place in the international space community."

National Affairs

Meshkov Addresses Crimean Parliament After Long Break

LD0902201195 Moscow ITAR-TASS in English 1817 GMT 9 Feb 95

[By ITAR-TASS correspondent Lev Ryabchikov]

[FBIS Transcribed Text] Simferopol February 9 TASS—The appearance of Yuriy Meshkov in the session of the Crimean parliament, which the president has not visited since the last year, caused a sensation here today. He read a one and a half our long report today.

The president emphasised that he had emerged victorious in the elections with a majority of Supreme Soviet deputies thanks to a joint programme, and it should be implemented jointly. The main feature of the programme are contractual relations with Ukraine and a rapproachment with Russia, he said.

Meshkov's address in the parliament had another implication as well. The president is supposed to sign an agreement on general concord with social and political organizations next week. Thus Meshkov's speech has showed his readiness to begin a dialogue.

'Russian Party' Calls For Dissolving Crimean Parliament

LD0902163495 Moscow INTERFAX in English 1431 GMT 9 Feb 95

[FBIS Transcribed Text] SEVASTOPOL, Feb 9 (Interfax)—In the Crimea the Russian Party (led by Sergey Shuvalnikov) has called for dissolving the Crimean parliament.

"The latest developments in the Crimean Supreme Council prove that parliament members from the Russia bloc have become completely immersed in political squabbles and in efforts to keep their seats; they gave up the Crimea-for-Russia idea which had brought them to power," the party said in its statement released on Thursday [9 February].

According to members of the Russian Party, the results of voting on concrete issues connected with the need to protect the rights of ethnic Russians and other Slavs have shown that sincere adherents of the Russian Idea itself now number no more than a score of people.

Most members of the Crimea's parliament, led by its presidium and Chairman Sergey Tsekov "have become exponents of an anti-Russian, anti-Slav and anti-Russia policy," the statement says.

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The Russian Party officially proclaimed its firm opposition to the Crimean Supreme Council. It demanded that the parliament dissolve itself, and called for conducting early parliamentary elections on a multi-party basis.

The Russian Party is one of the most influential parties on the Crimean Peninsula.

Kuchma Views Crime, Outlines Countermeasures

WS0902151595 Kiev HOLOS UKRAYINY in Ukrainian 1 Feb 95 p 2,3

[Speech by President Kuchma at an expanded session of the President's Coordinating Committee for Combating Corruption and Organized Crime, in Kiev on 30 January]

[FBIS Translated Text] Esteemed participants in this meeting!

I believe that this expanded session of the Coordinating Committee is taking place today not just as a measure connected with the six months that the president's relevant edict has been valid. I convened this session first and foremost because the offense against the "fifth power" has not yielded the expected results.

Moreover, I have all grounds to put the question in the following way: Have we launched any offensive action at all? Or, perhaps we just declared war against mob structures, fired off a propaganda barrage, and conducted a couple of reconnaissance fights, failing instead to launch sweeping operations to smash criminal clans?

Such conclusions are prompted by the analysis of criminalization of power, the economy, and society in general, drawn as part of preparations for our session. The discussion which we had today convinced me even further of the correctness of those conclusions.

The "fifth power" is not retreating to a defensive position. It is finding new and even more inventive forms and methods of its operation, expanding its influence on all social structures. It seeks to limit abilities of the state to regulate social and economic processes.

On what are those harsh opinions and conclusions based?

First of all, on an analysis of the efficiency of the state in countering the Mafia underworld.

Reports presented by law-enforcement agencies include figures and facts designed to leave a relevant impression. Indeed, those figures reflect the scale of the standoff between the state and the underworld, and underline the power and serious capabilities of our enemy. The lives and health of our employees being put on the line, as well as the anxiety of their parents, wives, and children, stand behind every apprehension of a criminal grouping. I very well understand this, and I tip my hat to those people who have chosen this profession, which demands constant readiness to stand in the path of criminals and to live as at war during times of peace.

We ought to respect the memory of those who perished in this struggle and blanket their families with permanent care. Courage and commitment displayed by law-enforcement agents are vital factors of the potential that is counteracting crime.

One should also admit that we have made headway in reforming the organization and personnel of corresponding subunits of the Prosecutor's Office, the Interior Ministry, and the Ukrainian Security Service [SBU], and that the leadership of those institutions seeks to intensify their fight against the criminal world. Also noted should be some other positive changes. They were all reflected in the reports at the session. We should agree with all this.

At the same time, I would like to point to some facts which have not been mentioned today and which are inadmissible.

In the first place, I consider it necessary to warn chiefs of the law-enforcement institutions: do not appease yourself, the president, or society with quantity indicators.

At this meeting, an example was cited that 12,000 criminal groupings, 2,000 organized among them, were liquidated, and so on. But what kind of groupings were they?

Three drunkards decided to rob their neighbor over a bottle of vodka. Or, teenagers plunder private kiosks because neither their parents, nor they themselves can satisfy their basic needs. Are these criminal groupings, too?

Who can explain to me why we have not been able to apprehend any of the major racketeer mobs which divided zones of influence among themselves and control Kiev, Donetsk, Dnipropetrovsk, Odessa, and Lvov Oblasts, as well as the Crimean Republic?

Similar groupings exist in virtually every town, and are beginning to spread their activities into rural areas. Their existence undermines the authority of our special services, as well as that of the local and central bodies of power.

No one is going to believe in our serious resolve to combat the Mafia until we deal a destructive blow against it. This would be one of the main criteria for the president to evaluate the efficiency of operations conducted by law-enforcement agencies.

[Deputy Prime Minister] Yevhen Marchuk, [Interior Minister] Generals V. Radchenko, V. Malikov, and above all General Prosecutor V. Datsuk have to be personally put in charge of implementing this objective.

Chiefs of the relevant services should also consider the fact that more than 83 percent of those arrested by

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law-enforcement services are individuals who committed crimes alone and for the first time in their lives. This means that "professional crime" is beyond the effective reach of our law-enforcement authorities.

And what is the punishment status of the above groupings? Charges have only been brought against 194 individuals.

The efficiency of the above measures is highly doubtful. More than $2 million in cash was confiscated from the apprehended organized groupings. This is a substantial amount. An operational investigative group alone, however, subordinated to the General Prosecutor's Office and whose leader, Serhiy Fortuna, delivered a report here today, impounded $13 million and 500 million karbovanetses [K] deposited in an account seized in one case.

The confiscated $2 million is a result of efforts put forth by thousands of Interior Ministry employees, while 20 agents from the General Prosecutor's Office worked on this case.

It is not by coincidence that I talk about this in such great detail. This is a shining example of shortcomings in the fight by our organization against the "fifth power."

The underlying mistake made by law-enforcement agencies is that they proved unable to understand the essence of this "power," regarding it as simply an organized underworld rather than realistic threat to national security.

Organized crime puts any state at jeopardy.

This was admitted at numerous international forums, UN documents, and other international organizations. However, it represents a particular threat to the countries currently undergoing, and therefore weakened by, deep social and economic transformation. In this situation, semi-criminal clans are presented with a good chance of assuming state power, including at the highest levels, under their control. Criminal action initiated against the former acting prime minister, Zvyahilskyy, clearly testifies to the existence of such attempts in our country as well. Everyone knows of other examples that can be cited here.

I know that the law-enforcement organizations have operational information that the leadership of certain regions and towns is merging with explicitly criminal groupings.

The validity of the statement about threats to national security on the part of the "fifth power" is proven by the degree at which the shadow subculture has penetrated the national economy.

Just analyze the following facts. According to the Ukrainian National Bank, up to K94 trillion is circulating outside banks, which is more than 40 percent of all the money in circulation. Just think! Also alarming is the fact that this portion of money is growing each and every month. Nobody knows what money that is, where is it, and who owns it.

This is one of the indicators reflecting the ever-increasing share of shadow economy within the national economy. The money circulating outside banks finances the circulation of commodities that are not taxed.

The noted sum also proves that the Ukrainian National Bank is not capable of maintaining control over the money market. Its stabilization measures can be foiled at any moment, which is particularly dangerous in connection with the upcoming monetary reform.

Just imagine what catastrophic consequences could be brought by legalization of the above amount of money from the shadow economy on the eve of, or even during this reform.

Criminal organizations launched a secret fight for control over banks, which will enable them to reap hefty sums of money.

Such dangerous actions as insurance and trust company fraud, contraband, and faked bankruptcy are spreading across Ukraine.

Thus, we are already confronted with the issue of who is in charge of the financial circulation in our state being the system of blood circulation for our economy.

Dubious moves are even being made at the highest state level. The General Prosecutor's Office instigated criminal charges in connection with the release into circulation of state bonds; 200 such obligations worth $5 billion are still abroad. It would be hard to even imagine how bad the consequences of this action, if not stopped, will be Ukraine.

In several regions, local authorities merely register non-state enterprises. The actual permit for their operation is given by criminal authorities. Although the Mafia is present in most of the countries, it controls the illegal business—drugs, gambling, prostitution. In our country, however, the underworld has installed total control over retail trade.

As a result, experts estimate, consumers have to pay 20-30 percent more for goods and services. People pay for everything.

As a matter of fact, people pay to support two parallel powers—the legitimate power and the criminal one. At the same time, pay received by those state officials does not even begin to compare to that of a rank-and-file racketeer. Not surprisingly, the profession of "bandit" is becoming prestigious among our young people. We made our contribution to this, too.

We still have not managed to stop the tendency of "shadowization" of our economy and making illegal

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operations conducted by enterprises, which are not directly connected with criminal groupings, unprofitable.

According to the World Bank, a poll conducted on 200 officially registered private firms showed that about 55 percent of their activities are related to the shadow economy.

Surveys showed that in 1992, private exporters conducted 25 percent of their operations outside the legal economy, and this figure rose to 75 percent in 1994. In state trade companies, the share of unofficial operations climbed from less than 10 percent to about 50 percent, if not more, over the same period.

We do not even know exactly how much Ukraine really exports.

For example, our statistics show that in 1993, we exported $624 million worth of goods to the 12 countries of the EU, while the EU said more than $1 billion. In the case of some countries, this discrepancy is even larger, reaching 450 percent for France and 258 percent for Italy. We have the Statistics Ministry, the Customs Administration, the Ministry for External Economic Relations, but no one is responsible for anything.

The amount of funds which we have lost amounts to international credits granted to Ukraine last year.

On my recent visit to Poland, I met with industrialists and entrepreneurs of that country. Polish metallurgical plants have traditionally worked with Ukrainian ore.

At present, they buy our ore from Austrian and Swiss middlemen. Our enterprises reject any attempt by Polish partners to establish direct links. Ukrainian enterprises, at their own initiative, only buy Polish coal through intermediary commercial structures. For whom is it a mystery why those commodity streams flow through middlemen? For no one. This is exactly the place, dear leaders V. Datsyuk, V. Radchenko, and V. Malikov, where you should look for [the reasons behind] hard currency losses, undermining the economic foundation of our state, instead of padding statistics of hard currency rules enforcement thanks to seizures of "money changers" with $100 in their pockets.

The above examples provide every reason to believe that the "fifth power" is dealing a destructive blow to the economic security of our state.

At present, the force rivaling our state is also inflicting political damage on our state.

The pervading criminalization of the market sector results in the fact that broad circles of the population identify pro-reform moves with the increasing influence of Mafia on the national economy; it also provides more reasons for them to reject those moves and discredits progressive economic innovations.

Given the above, I consider it necessary to draw the following conclusion: combating the "fifth power" is presently the top priority for Ukraine in ensuring our national security and even survival.

I believe that no one present here doubts that the measures mentioned in the reports do not fully implement the task of countering the Mafia's offensive against the state and the protection of society from criminal erosion. What are the specific tasks that need to be fulfilled by law-enforcement agencies to radically restructure the fight against the "fifth power?"

First, we need to have an impartial, clear, and comprehensive understanding of the essence and scope of this power, as well as the real abilities, mechanisms, and forms of operation of this semi-criminal formation. This is a task primarily for the relevant special services and their analytical centers. Over the past six months, I have received not one single report summarizing knowledge about this phenomenon and predictions about its evolution.

It stands to reason that we do not have impartial knowledge about our adversary, and, hence, are not in a position to ensure adequate countermeasures.

Here is where the role of the Coordinating Committee, so far preoccupied with formal and second-rate issues, should substantially increase. Its main task is to become the general headquarters coordinating the fight against the "fifth power" and assume analytical responsibilities and practical coordination of actions.

In this connection, I also consider it necessary to set up special analytical centers which would systematically study this problem and manage a broad information network, and have access to confidential documents. Such bodies could be established based on the Interior Ministry and the Ukrainian Security Service educational institutions. I am asking V. Durdynets, V. Datsyuk, V. Malikov, and V. Radchenko to submit their proposals regarding such analytical centers within two weeks.

A special analytical group, subordinated to the Ukrainian president, will also be set up to study shadow economy-related problems.

Our economic and legal scientific research institutions should also be engaged in this work.

Second, the structure, forms, and methods of combating the "fifth power" need to be fundamentally revised. The experience gained over the past six months, proves that no victory can be won by reinvigorating the present system of special subunits of the law-enforcement bodies and using the old methods of operational and investigative work.

We need to search for fundamentally new and innovative approaches, intellectually beating our adversaries. So far, only special inter-agency investigative groups,

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created at the initiative of the president and subordinated to the Ukrainian General Prosecutor's Office, have been efficient.

I have already cited the examples of the economic efficiency of their activity.

I believe that the initiative to transform them into a special bureau investigating especially dangerous crimes deserves support. I have asked Marchuk and Datsyuk to submit draft schemes, within one month, on creation of this body. At the same time, I consider it necessary to preserve ministerial investigative subunits at the Interior Ministry and the Security Service. For the time being, the Ukrainian General Prosecutor's Office should not be stripped of those responsibilities.

I support proposals that have been voiced here, and will soon undertake measures intended to establish the Controlling Chamber, answerable to the president, on the basis of the State Control Service at the Finance Ministry.

Third, we have to considerably step up the struggle with organized crime at the local level, where it is often feigned or have not yet even attempted.

We know which oblasts are the most dangerous for the life of people and entrepreneurial activities, and whose authorities are particularly influenced by the underworld.

The General Prosecutor's Office, the Interior Ministry, and the Ukrainian Security Service should form and send there special brigades manned by experts from other regions. In fact, they have to duplicate local anti-organized crime units and liquidate major Mafia groupings in those regions.

I hope that all present here understand why the groups dispatched from the center will act more efficiently than local law-enforcement agencies.

The Ukrainian General Prosecutor's Office, too, should more actively work in this direction. According to law, it is this body that is supposed to assume primary responsibility for investigating the most dangerous crimes for the state. Its internal structure and functions need to be revised. For example, an administration in charge of combating organized crime was created within its central apparatus. This subunit does not handle this kind of cases single-handedly. However, the eight SBU agents working in this field are supervised by one prosecutor. I do not think that this is an efficient way to organize work.

Fourth, the most pressing task today is to cleanse the law-enforcement bodies themselves, which was also mentioned in the reports. Their chiefs need to toughen internal security regulations to the greatest degree possible and get rid of traitors and agents of the criminal world.

We have already discussed such disgracing facts today. But they are happening in massive numbers. Can things be worse when even the most secret orders from the Security Service head are published in the newspapers. We need to urgently mend the Interior Ministry bodies in the first place and reinforce their subunits fighting organized crime with new people.

In this regard, I consider it necessary to assign Ukrainian Security Service agents to work in those units for up to one year, conduct voluntary draft of officers and senior cadets of the Defense Ministry for service in special subunits of the Interior Ministry, and ensure them proper training. I ask V.I. Radchenko to submit proposals by 15 February regarding the personnel reinforcement of the Interior Ministry subunits in coordination with the SBU and the Defense Ministry leadership.

Fifth, we should attach special importance to the training of personnel capable of fighting on a par with highly professional perpetrators of economic crimes. At present, certain individuals are on trial who have been long trained in banking and accounting abroad, have a perfect knowledge of foreign and national law, and mastered methods used by foreign mob groupings. The law-enforcement institutions have practically no equally as-well-trained specialists.

Chiefs of the General Prosecutor's Office, the Interior Ministry, and the SBU need to ensure special training for officers in charge of investigating such complicated crimes, send the most talented agents to study abroad, and establish a steady exchange of experience with foreign special services.

Upon my order, hard currency funds will be allocated by the Ministry of Finance for this purpose.

I would like to bring your attention to the need to predict new, more refined, and the most dangerous crimes committed with the use of electronic equipment.

Ukrainian criminal law does not reflect computer-related crimes at all. Nor do the curricula of legal and special higher education institutions cover this problem. Meanwhile, first examples of bank account burglaries through electronic banking networks are already being reported.

Sixth, we need to intensify international cooperation in the sphere of combating organized crime.

Ukraine has signed agreements on legal assistance with 60 countries. However, we have no such an agreement with Switzerland, where our fellow countrymen most often flee with defrauded funds. Last year, of all the people who opened their accounts in certain banks in that country, CIS citizens were the majority. This is a fact.

Ukraine should join international organizations coordinating the fight against organized crime and initiate creation of international structures and a common databank within the CIS.

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I support many other proposals presented in the reports today, and hope that they will be taken into consideration while preparing a resolution of this meeting.

At the same time, we cannot leave the law-enforcement bodies one-on-one against the "fifth power." The state and society ought to provide them with substantial assistance.

In the first place, this would apply to the legal base of their operations. For six months now, we have been talking about legal definition of such notions as corruption, organized crime, and the requirement to declare one's income. However, the relevant legal acts are still not in place, which complicates the fight against these perilous phenomena.

This is why I support the inclusion of a range of legal acts calling for urgent passage by the Supreme Council into today's resolution [of this meeting]. This is something about which we have agreed today with the parliamentary leadership.

I am convinced that the Cabinet of Ministers and relevant Supreme Council commissions will craft a set of measures connected with returning hard currency funds and creating a favorable environment for legalizing the "shadow capital." There are political and economic facets to this issue. We will never be able to attract substantial foreign investments into Ukraine if the national capital is afraid to work within the national economy and seeks to escape to third countries.

We should clearly understand that law-protection bodies, starved for means of living, are not capable of stopping the criminalization of society. The president, parliament, and society are faced with a dilemma—to take minor funds from social programs and funnel them for this fight or let organized crime create an alternative social group able to jeopardize accord and efficient economic development in Ukraine.

Personally, I have no doubts about the need to provide financial and material support to the bodies maintaining legal order. I am sure that I will find support for this not only among you, but also among deputies and broad circles of the population.

This is why I do not agree with the cuts in appropriations for servicemen and militia employees in the 1995 budget.

One last thing. I consider it necessary to examine tomorrow, at the collegiums of the General Prosecutor's Office, the Interior Ministry, the SBU, and the Customs Committee, issues and proposals discussed at our meeting; make specific decisions, including those regarding organization and personnel; assign practical tasks for leaders of central and regional subunits, clearly specifying who is personally responsible for what; and, if need be, provide efficient assistance for local law-enforcement agencies.

I hope that this meeting will produce an impact that will not trail off in Kiev, reaching instead into the countryside and boosting a large-scale, organized, concerted, and, most importantly, efficient offensive against the "fifth power" to rid our society of crime.

Let me warn you that in a month, we will follow up on the status of implementation of the assumed measures at a special meeting of the National Security Council and this Coordinating Committee from the perspective of personal responsibility of chiefs of all ranks and levels.

Launching this fight against crime, all of us should remember: Gone is the system of control over an individual, which was typical of a totalitarian state. Law-enforcement agencies will have to work strictly within the confines of the law—confronted with realistic legal defense and under sharp scrutiny of mass media. The president will closely watch that laws are not violated. All this complicates our work. But it is necessary to prevent Ukraine from becoming a police state and to strictly comply with human rights.

We have started the just battle against crime, and we will conduct it with proper methods.

Victory will be on our side.

Thank you for your attention.

Democratic MP's Return to Parliament

LD0902122995 Kiev UNIAN in Ukrainian 1045 GMT 9 Feb 95

[FBIS Translated Text] Kiev—On 9 February, the parliament groups Statehood, Rukh, Reforms, part of the Center group, and independent deputies from the Congress of Ukrainian Nationalists and Ukrainian National Assembly-Ukrainian National Self-Defense returned to the parliament chamber.

Following consultations with the chairman of the Supreme Council and other groups, they achieved their demands—to include on parliament's agenda for next week the issue of a report by the Supreme Council presidium and, for today, the issue of a repeat vote on approving Levko Lukyanenko's powers.

As a result of the repeat vote on 9 February, Levko Lukyanenko's powers were approved with 205 votes for, 107 against, and 22 abstentions. Fourteen deputies did not take part in the vote.

On 9 February, parliament will consider a draft resolution about an incident that occurred on 30 January in the president's administration when 15 people's deputies were prevented from attending a meeting of the coordinating council for issues of combating corruption and organized crime.

As the chairman of the Supreme Council Commission for Issues of Regulations, Deputies' Ethics, and Provision for the Activity of Deputies [words indistinct] that

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the Ukrainian president dismisses the head of the presidential administration, Dmytro Tabachnyk. By 1 March, the Supreme Council commissions will be asked to consider the issue of whether the existence of this body is constitutional and conduct a full financial check of its activities.

Official Views Aspects of Nuclear Safety

AU0902163795 Kiev HOLOS UKRAYINY in Ukrainian 7 Feb 95 p 10

[Article by Heorhiy Filipchuk, chairman of Ukraine's Supreme Council Commission for Issues of Ecological Policy: "The Atomic Plant. On Certain Aspects of Performance of Nuclear Power Engineering Facilities"]

[FBIS Translated Text] *Common citizens, local councils of people's deputies, and Ukraine's people's deputies often turn to me as chairman of Ukraine's Supreme Council Commission for Issues of Ecological Policy. It is understandable that they are all concerned about ecological safety in the areas of the Khmelnytskyy and Southern Ukrainian Atomic Electric Power Plants [AES]. Together with representatives of Ukraine's Ministry of Environmental Protection, Ukraine's National Academy of Sciences Nuclear Studies Institute, and the "Green World" Association, I went to the region of the Khmelnytskyy AES. What did the analysis of the situation on the spot show?*

Undoubtedly, today, people are worried about their own safety and their and their children's health and life. These concerns are not groundless. The incidence of disease among the population, cases involving cardiovascular and gastrointestinal systems and respiratory organs, as well as oncological diseases have recently increased considerably. Anemia increasingly spreads among children. It is, however, impossible to say categorically that this negative trend is due solely to the functioning of atomic plants, because human health is also affected by a whole number of factors, including environmental pollution and a decline in the social sphere (malnutrition, cold, low wages, stress, and so on).

As regards nuclear power engineering, the atom—whether peaceful or military—constitutes a very serious hazard. The high probability of accidents with severe consequences suggests that AES's must be categorized as most serious ecological hazards. This is testified to by the Chernobyl catastrophe, which exhausted for hundreds of years ahead the ecological reserve of all technogenic accidents in Ukraine. Over recent decades, there have been 156 significant nuclear-technogenic accidents in the world, about 20,000 metric tons of radioactive waste has accumulated, and it is once every 1,000 years that our Earth may more or less survive an accident, similar to Chernobyl. Small doses of radiation are no less dangerous.

That is why the objective of our trip to the Khmelnytskyy AES was to get a better insight into the ideological aspects of the strategy employed in Ukraine's power engineering policy, the concept of development of atomic power engineering, and guarantees of nuclear, radiation, and ecological safety. We also wanted to understand the reasons for the intensifying antinuclear movement and, finally, to see **whether there were any changes in the ideology, approaches, and psychology of the attitude toward atomic power engineering facilities** now that we are in a new political area as an independent state and that the world's greatest catastrophe—in Chernobyl—has affected us all.

Information, collected in the process of meetings with local residents, specialists, representatives of power bodies, Khmelnytskyy AES administration, and public organizations needs to be seriously analyzed taking into account points of view on these problems expressed by governmental and nongovernmental structures, public opinion. Conclusions made by scientists and specialists in various spheres must also be taken into account, provided that they are not influenced by narrow departmental interests.

At the same time, I would like to share some considerations with the readers. The problem has **two important aspects.** The difficult situation in Ukraine's economy and energy provision. The stoppages at enterprises and inadequate electricity supply for homes, schools, kindergartens, and hospitals intensify social tension. The conversation with the leadership of the atomic plant that lasted almost five hours proceeded against the backdrop of the readings of a meter, which illustrated the critical situation in Ukraine's energy-supply system. The readings fluctuated within around 49,320 hertzs. Specialists know that deviations by several tenths of a hertz may disable AES units and destroy the country's energy system. Proceeding from this, it might seem **logical to commission the second power unit at the Khmelnytskyy AES** with a rated capacity of 4 million [unit of measurement not specified]. However, this argument is clearly insufficient for adopting decisions on commissioning the second power unit, which is about 70- 80 percent ready and on the building of which huge capital has been spent. Considerations, based solely upon Ukraine's energy deficit, are not sufficient. A comprehensive analysis is necessary, and the decision must be based upon forecasts taking into account economic, ecological, social, technological, and especially medical factors. How much good or evil will this decision do to people? Not only in specific Khmelnytskyy and Rivne oblasts, but also in the whole of Ukraine.

The narrow departmental approach to this issue reminds one of a fable. People hire a boat to sail to the other bank. During the journey, one of the passengers starts piercing the bottom of the boat beneath his seat. "What are you doing?" ask the worried neighbors. "We will all perish." "It's none of your business, this is my seat, I paid for it, and can do anything I want with it."

That is why this general national problem must not be resolved by Ukraine's State Committee for Atomic

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Energy and Ministry of Power Engineering alone. Comprehensive scientific, technological, ecological, and other expert analyses are also necessary. This is because quite a number of questions arise. There are enough reasons for concern due to the fact that the plant is situated in an area of complex geological faults, the dam and the water reservoir are built on unstable terrain along the course of the Hnylyy Rih River, which is almost completely ruined. Much land around it is inundated, and subsurface water is contaminated. The water deficit is compensated for by powerful pumps taking water right from the Horyn River, the technogenic load upon which already exceeds all admissible limits. Even now, there are difficulties with the water supply in the region, and this situation may get even worse when the next units are commissioned. The availability of 11 reactors in the Dnieper Basin exacerbates the sufficiently grave crisis situation regarding the supply of about 35 million people in Ukraine with water.

The second most disturbing problem is one of the personnel—the high turnover. The low pay for specialists (one fourth or fifth that in Russia) intensifies this negative trend. It is mainly the highly skilled specialists that ensure safety. I think that it is wrong to keep saying that atomic energy is the cheapest, while saving even on salaries for the plant personnel. For example, wages account for just 0.7 percent in the prime cost of the electricity produced at the Khmelnytskyy AES.

Besides, in my opinion, the prime cost of a product must also include the system of expenditure on **social and medical protection of the population** in the area of the AES. In many world states, the people's interests are taken into consideration in such cases, and a whole system of benefits functions. What our people are asking is at least to halve what they pay for electricity consumption.

Nor should we limit ourselves to **exclusive departmental information** on the radiation situation, for even if the conclusions are objective, people will not fully trust them. I believe that the situation in our state with work aimed at ensuring radiation safety and **comprehensive radioecological monitoring** in areas where there are nuclear plants is a very weak point. These measures are inadequately financed even in areas affected by the accident at the Chernobyl AES.

Proceeding from the population's interests, it is necessary to conduct around the five atomic plants, just as in the contaminated Chernobyl areas of Ukraine, such a complex of operations as would make it possible to properly coordinate social, economic, and medical measures, create a kind of protective barrier, and reduce social tension. However, today, there is an information vacuum around this problem. The participation of corresponding ministries and departments in efforts to establish a necessary information basis is absolutely insufficient: this applies to the Ministry of Environmental Protection, the State Committee for Atomic Energy, the Ministry of Power Engineering, the Ministry of Health, the Procurator General's Office, local power bodies, and so on. **The cooperation with nongovernmental structures, local councils, and public is unsatisfactory.** There are no televised or broadcast joint new conferences, "roundtables," in particular, at oblast level, or meetings with journalists. This generates narrow departmental assessments and the incorrect use of data and facts.

It is time to start resolving our common problems and, therefore, instead of engaging in futile confrontation, we **need to join efforts**, ideas, and methods regarding ecology, economy, and power engineering. These problems must only be resolved proceeding from the needs of our people's well-being and in the best interests of human safety. So far, there is much truth in the metaphor that our talk of ecological safety plays the same role **as ancient hunters' begging the bear's forgiveness for killing it.**

There is no doubt that Ukraine is on the verge of an ecological abyss. Although having an advanced ecological science, we have replaced concrete work with political slogans, idle talk, and lies. Where is the way out? From the point of view of the green romanticism, it would have been necessary **to close down all the 100 major polluting enterprises, listed by the Ministry of Environmental Protection**, as well as atomic plants, which will never become safe for people. However, to want to do something and actually to be able to are different things. **Today, to close down atomic plants would mean giving up almost 40 percent of our electricity**, halting industrial production, and depriving the people of heating, water, and electricity. It is a different matter to see to it that there is no **disproportion in the energy balance**, when **atomic energy becomes dominant**, so that the French power engineering program would become a single model to follow. In France, even back in 1985, 70 percent of electricity was produced by atomic plants. I think that strictly mercantile economic calculations, proceeding from the relatively low cost of atomic energy, is insufficient for our "Chernobyl nation." Ukraine **needs a comprehensive national power engineering program, in which the share of atomic energy** would not only be stipulated by the required number of kilowatt/hours, but, first and foremost, by the safety for the people, risk prediction, and relevant adverse effects on human health.

For example, it cannot be expected that Ukraine, while producing half the per-capita electricity produced in the United States and one-fourth that in Norway and spending two to three times as much fuel as is spent in developed countries per unit GNP, will be able to create suitable conditions for the development and well-being of the nation and also provide for its ecological needs. Here, large economic expenditure and much energy are necessary for implementing nature conservation projects. However, Ukraine will not make a single step forward unless the principle of **energy conservation**

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underlies the program. According to World Bank experts, Ukraine spends six to 10 times as much fuel per unit of GNP as the world's developed countries.

The main reason for this is the structure of production, which requires excessive resources and energy, the development of industry, power engineering, and transport without any consideration for ecological needs, the defective practice of using land and water, and ineffective activity regarding conservation of natural resources. World experience proves convincingly that the energy problem should rather be resolved with the help of a rational structure of production rather than through a primitive increase of capacities. Besides, nontraditional sources should not be overlooked either.

Before we start developing our atomic power engineering and creating the nuclear-fuel cycle in Ukraine, it is necessary to take care of preconditions that would reduce the risk of nuclear catastrophes to absolute minimum. It is necessary, first and foremost, to complete the formation of an efficient structure of state regulation and management in such a potentially dangerous branch. It is necessary to create a corresponding infrastructure of scientific and engineering-technological support, and to raise safety measures at atomic plants to such a level that the possibility of accidents involving discharge of radioactive substances into the environment would be ruled out in principle. Those sites where nuclear reactors are presently located or where their installation is planned must conform to safety requirements in terms of their geological, geochemical, or hydrological characteristics. The problem of neutralizing radioactive waste must be resolved. The system of training highly-skilled personnel must be improved. In other words, enormous preparatory work must be conducted.

Proceeding from the present situation, we must give up general declarations. The world, just like Ukraine, will not be able to dispose of AES's in the near future. **Their presence will always be a matter of concern for the people.** In these conditions, it is necessary to adopt the best possible decisions, and safety considerations must underlie all of them. For this, it is necessary to carry out concrete analytical studies, **by no means relying upon conclusions of branch sciences** [haluzevi nauky]. Precisely this work will show that, from the point of view of safety, it is inexpedient to increase atomic capacities in Ukraine. It will finally refute the idea **of the need to wait until the year 2010 before the Chernobyl AES can be closed down,** and will help ensure that the safety of the people of Ukraine does not only depend on whether **atomic plants in Ukraine function or not, since the building by Russia** of atomic units in the vicinity of our borders will emphasize our role as hostages.

We might achieve the greatest success through joining **international agreements** on problems of nuclear weapons and the "peaceful" atom. Our safety has not increased after **nuclear weapons were transferred from Ukraine to Russia.** Nor will it increase if the problem of AES's is only considered locally. **Specialists maintain that safety, from the point of view of a possibility of major accidents at the AES's, constitutes 99.99 percent.** This might sound convincing, if one talks of commissioning the second unit at the Khmelnytskyy AES, and convincing enough when we invest at least $1 billion in its construction and then do not put it into operation. However, this confidence diminishes as one sees pickets of mothers with children, the sick and confused people, and people affected by the Chernobyl catastrophe who are denied normal state care. Prior to adopting decisions, politicians and professionals must look honestly in the eyes of those, who do not need political dividends, but need good health of their children and grandchildren and a hope that their own state will now build relations with them based upon dignity and truth, and not corporative interests.

Economic Issues

Supreme Council Approves Issue of Credits

LD0802183995 Kiev UNIAN in Ukrainian 1600 GMT 8 Feb 95

[FBIS Translated Text] Kiev—The Supreme Council of Ukraine today approved a primary issue of 25 trillion karbovantsi of credits in February 1995, with a credit "ceiling" of 189 trillion karbovantsi until 1 March 1995. The parliamentary resolution proposes 22.5 trillion karbovantsi of this issue should be channeled to offset the current state budget deficit, including: 5 trillion as an advance payment to the agricultural producers under the state contract; 5 trillion as compensation for expenses in extending the network of social and cultural facilities in rural areas; and 12.5 trillion as measures to ensure the welfare of the population. Of the latter sum, 4.8 trillion will used to pay the wages of staff at budget-funded organizations; 4.1 trillion to render financial assistance in the form of loans for the timely payment of wages to staff at social and cultural facilities; 2.5 trillion to pay the pensions of the servicemen in reserve; and 1.1 trillion to compensate for the difference in the prices for the gas supplied to the population. The remainder, 2.5 trillion karbovantsi, will improve the state of affairs in the banking system and, in particular, will be sold at National Bank of Ukraine credit auctions.

Parliament's Left Wing Passes Credit Emission

WS0902143195 Kiev INTELNEWS in English 0028 GMT 09 Feb 95

[FBIS Transcribed Text] Kiev, Feb. 8—Taking advantage of a walkout by center and right-wing deputies, parliament's left wing passed by an overwhelming margin Wednesday [8 February] a credit emission totaling 25 trillion karbovanteses [K]—approximately US$180 million at the current rate of exchange.

The move threatens to undermine the tight monetary policy pursued by the National Bank of Ukraine [NBU] and lead to further inflation and devaluation of the national currency.

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The vote, by a margin of 246 to two, orders the NBU to release the money this month and also fixes the government's credit ceiling at K189 trillion through March 1.

The latest development is also an indication of a deepening political crisis within parliament, as the four factions—Statehood, Rukh, Reforms and Center—who walked out of the Tuesday session in protest of parliament's refusal to seat a Republican deputy vow to stay off the job until he is seated and the Presidium delivers a report explaining the actions of Speaker Oleksandr Moroz and the parliamentary leadership.

Although Levko Lukianenko, a former dissident and political prisoner, won over 62 percent of the vote in a by-election to represent the Novovolynsk district in Volyn oblast, parliament for the second time rejected his mandate Tuesday, based upon allegations by his political opponents that he had produced illegal campaign materials.

The new move directs the NBU to loan the government K22.5 billion to finance the national deficit. The remaining K2.5 trillion is to be used to finance the auction of NBU credits to commercial banks.

Most of the money allocated will be spent on social protection programs being pushed by Communists and Socialists; with K12.5 trillion being granted directly to the central government and an additional K5 trillion to be spent to reimburse regional governments for social spending costs.

Although the left unanimously voted for the credit issuance, some of its leaders exhibited skepticism over the move, notably Communist leader Petro Symonenko, who questioned whether the government could be trusted to spend the money on social needs as mandated.

Others were concerned that the measure would cause blame for the resultant economic woes to be pinned on parliament.

"The National Bank of Ukraine and the Cabinet of Ministers appealed to parliament to permit the emission because they are unable to overcome the economic crisis," argued Vasyl Stepenko, a member of the Agriculture faction.

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Belarus

Lithuanian Border Should Not Be 'Inaccessible'

LD0902184795 Moscow INTERFAX in English 1614 GMT 9 Feb 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevteniy Terekhov, and others]

[FBIS Transcribed Text] MINSK, Feb 9 (Interfax)—Belarus' First Deputy Foreign Minister Valeriy Tsepkalo believes that as of today there is no need to draw servicemen to defend Belarusian-Lithuanian border.

"It will be quite enough to use forces which would control export and import of cargo on the roads," he declared in an interview with Interfax in Minsk Thursday [9 February].

Tsepkalo underlined that "Belarus will not undertake any actions in order to make an inaccessible fortress on the border with Lithuania."

Tsepkalo highly appreciated significance of the Belarusian- Lithuanian documents signed in the course of President Alyaksandr Lukashenka's recent visit to Vilnius. He reminded that the work on the agreement on good neighborhood and cooperation was going on for two years.

As Tsepkalo said, determination of the status of the sanatorium Belarus in Druskinenkay and of "site-500," a small 10-12-meters wide dam and two locks to regulate water level in the lake of Drisvyaty, presented the major hindrance. This dam serves as a natural coolant of the Lithuanian Ignalina atomic power station. It was built by Lithuania on Belarus' territory and is on the balance of the atomic power station.

"We have managed to resolve these problems in the course of the Belarusian president's visit to Vilnius," Tsepkalo said.

In his words, in Vilnius the parties also determined border line at the rail way station of Gadutishkiy, the lake of Drisvyaty, and small village of Studyanka. Thanks to this the parties were able to sign agreement on establishing state border.

Tsepkalo complained that relations with Latvia and Estonia do not develop so actively as with Lithuania. He made it clear that this occurs not on Minsk's will.

"It is not our guilt that we cannot achieve that level of understanding and cooperation which we have achieved in our relations with Lithuania. The thing is that Riga does not pay much significance to trade with Belarus," Tsepkalo said.

Russian Duma Head's Stay Deemed 'Courtesy Visit'

WS0902141095 Minsk BELAPAN in English 1600 GMT 8 Feb 95

[Report by Ales Knyazyuk from the "Analysis, Commentaries, Forecasts" feature No. 17, 1-7 Feb 95]

[FBIS Transcribed Text] The one-day stay in Minsk of the chairman of the State Duma of the Russian Federation Ivan Rybkin has become a purely courtesy visit. In spite of the extremely full itinerary of the visit, it, planned for February 3-4, was shrunk as Mr. Rybkin had to leave back to Moscow ahead of schedule for the funeral of the late MP of the State Duma Sergey Skorochkin. The meeting at high level yielded no results. No documents were signed, no new bilateral agreements were discussed. Only the date for the visit of President Boris Yeltsin to Minsk—February 21-22—was mentioned in passing, as was the signing of a Belarusian-Russian Agreement planned during that time on friendship, good-neighborly relations, and cooperation. Just as unsubstantial were the appearances of the speakers of parliament of the two countries at their joint press conference, and also the answers to journalists' questions. Myacheslaw Hryb announced that in relations between Belarus and Russia "it is essential to progress from the previous eternal assurances, promises, protocols of intentions, and so on to constructive economic integration." Mr. Rybkin elaborated on this thought: "The faster we reach economic integration, the better it will be for the economies of the two countries." How it will be better and when we will reach it, the visit of the chairman of the Russian State Duma did hot enlighten. Saying much about the possible exemplariness of relationship between the two countries and at the same time not defining concrete conceptions, Myacheslaw Hryb and Ivan Rybkin unwillingly suggested the idea not even of the lack of divergence between the leaders of our countries, but of the lack of any serious interest in this integration. Metaphorically speaking, the field is unploughed and goodness knows what to undertake. And it is not the time to start now, just as the composition of the Belarusian parliament is about to change. It is possible to predict what the attitude of the new parliamentary majority will be to this problem, but it is not easy to guess right. Therefore Ivan Rybkin, in essence, repudiated the suggestion of the Russian State Duma to hold joint sittings with the Belarusian Supreme Soviet, calling them premature. At the same time, the head of the lower chamber of the Russian parliament spoke out in favor of the development of relations in the military sphere unexpectedly sincerely and frankly. In his words, maybe even unexpectedly for himself, the hint of a threat could be detected: "The Chechen tragedy has confirmed once again: Each member of the CIS cannot stand up for itself independently.... Military cooperation is essential. We must defend one another together." This was in reply to a question from one of the journalists, is it logical to make a connection between the inability to win on the Chechen front with the animation on the Belarusian Front. [as received]

The Belarusian Saturday papers carried a photograph depicting, according to the photographer's idea, the spirit of the visit: The President of Belarus Alyaksandr Lukashenka and the chairman of the State Duma of the

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Russian Federation are shaking their right hands while holding onto one another's forearms with the left ones.

Poles Accuse Authorities of Discrimination

LD0902231395 Warsaw TVP Television Second Program Network in Polish 2000 GMT 9 Feb 95

[FBIS Translated Excerpt] Poles resident in Belarus feel that the tendentious division of electoral districts for the parliamentary elections discriminates against them. They have directed an appeal on this matter to Polish parliamentarians.

[Unidentified correspondent] The drawing of electoral districts by the Belarus authorities is, in the view of these Poles abroad, a tendentious one, since it has divided the greatest concentrations of Poles. This reduces their chances of gaining mandates in the Belarusian Parliament. Such activities are contrary to the resolution on national minorities adopted by the Belarusian Parliament. [passage omitted]

According to official data, there are approximately half a million Poles living in Belarus. The Union of Poles in Belarus [Zwiazek Polakow na Bialorusi; ZPnB], numbering 28,000 members, estimates that there are over 1 million, most of them in the vicinity of Minsk. Next to Russians, Poles are the most numerous nationality group in Belarus. For four years, Poles in Belarus have been developing scientific and economic cooperation with Poland. In the view of Polish activists, the Belarusians fear the economic and political expansion of the Poles.

Laws Passed on Local Power, Elections, Supsov

WS0902142795 Minsk Radio Minsk Network in Belarusian 1300 GMT 9 Feb 95

[FBIS Translated Text] The Belarusian Supreme Soviet adopted three bills in their entirety today. The bill on local self-government and administration was passed by the parliamentarians. Some more time was needed for passing the bill on the Supreme Soviet of the Republic of Belarus. [Words indistinct] is explained by their approach to the principle toward the resolution of this issue. A similar approach was taken by the people's deputies during the examination of the draft bill on elections to the Supreme Soviet and local soviets. The bill was finally adopted. The Supreme Soviet session will resume its proceedings today at 1600 [1400 GMT].

'Large' Deposits of Brown Coal Found in Lelchytsy Rayon

WS0902154595 Minsk Radio Minsk Network in Belarusian 1304 GMT 9 Feb 95

[FBIS Translated Text] Large deposits of brown coal have been found in Lelchytsy Rayon. Specialists of the Belhealohiya associations conducted exploratory work on a 20 square kilometer area. According to their estimates, the deposits amount to nearly 16 million tonnes.

Moldova

Russian Pullout Seen as Pretext To Sell Army Arsenals

MK0902125095 Moscow OBSHCHAYA GAZETA in Russian No. 6/82 9-15 Feb 95 (signed to press 8 Feb) p 2

[Interview with Lieutenant General Aleksandr Lebed, commander of the 14th Army, by Rodion Morozov and Aleksandr Nadezhdin under the "Hello!" rubric: "Struggle for 14th Army Arsenals Continues"]

[FBIS Translated Text] Against the background of yet another tide of speculation about the need to withdraw the 14th Army from the Dniester Region, the visit by yet another commission to the area—this time from the Main Military Prosecutor's Office—has gone unnoticed. The commission returned from Tiraspol the other day. The military prosecutors refused to talk with OBSHCHAYA GAZETA correspondents Rodion Morozov and Aleksandr Nadezhdin. Then the correspondents called Lt. Gen. Aleksandr Lebed.

[OBSHCHAYA GAZETA] Aleksandr Ivanovich, according to our information, the prosecutor's commission checked out a letter by the Dniester Region leadership alleging that you actively interfere in the republic's internal affairs...

[Lebed] Yes, there has been such a letter to the State Duma Security Committee from Oleg Gudylo, deputy security minister of the Dniester Region Moldovan Republic [DRMR]. In Colonel Gudylo's view, the already complex situation in the Dniester Region has been compounded by actions of the 14th Army commander, who meddles too much in the republic's internal affairs and, most terrible, undermines the authority of its leadership.

[OBSHCHAYA GAZETA] Such a report cannot be called unexpected. You have been arguing that the plight of the republic's population is on the conscience of DRMR President Igor Smirnov and his entourage. Your uneasy relations with Yuriy Shevtsov, the republic's security minister and former Riga special-purpose militia unit member, are also well known. When Gudylo's letter was set in motion, it found its way from the State Duma to the Defense Ministry, and so military prosecutors were sent to inspect you...

[Lebed] Yes, a commission did stay here. I was asked questions, the prosecutors received answers to them. No reaction. Let us wait.

[OBSHCHAYA GAZETA] Don't you think that the reason for the clouds that are constantly gathering over the 14th Army is huge depots of the former Odessa Military District, which you presently guard?

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[Lebed] There is many a man walking around the depots, like cats eager to swallow the canary. I know that I stand in the way of plans to convert the combat might into millions of crisp green banknotes. Hence, numerous attacks on me, insinuations, and all other filth. But they can only reach the weapons by stepping over the 14th Army's dead body, for which reason they want to destroy it. You need not be so smart to withdraw the army personnel. And what about the arsenals? Do they have an agreement with Ukraine on transporting them across its territory? No, they do not. And even if such an agreement is reached, what will it really be worth? Will it not turn out in the end that each round of ammunition brought to Russia will be worth its weight in gold? By my estimates, this will be precisely so. And then, where will all this spare ammunition be stored in Russia? There is no answer to any of these questions. Maybe, someone hopes that all problems will be resolved by sending an encrypted telegram: "To sell on the spot..." As was the case in Chechnya some time ago. They will not get it. I state this with utmost responsibility. If such a reckless adventure is repeated one more time, not only the entire North Caucasus will be ablaze by summer, but also Moldova, Tiraspol, and even half of Russia. We have enough weapons for that. Most importantly: What, doesn't Russia have its own national interests in the region any longer, and they can be given to Romania and others to our detriment?

Lebed Denies Allegations of Urging Yeltsin To Resign

LD0902171695 Moscow ITAR-TASS World Service in Russian 1537 GMT 9 Feb 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 9 Feb— "The REUTER agency's report that I called on the Russian president to resign is a fabrication. I did not give an interview to EKHO KISHINEVA newspaper, which the agency refers to," General Aleksandr Lebed, commander of the 14th Russian Army, stated to the ITAR-TASS correspondent today.

He made this statement in connection with an interview published in the EKHO KISHINEVA, in which the general has allegedly stated that because of the introduction of Russian troops into Chechnya and the present military actions in this region, he sees a direct parallel between Chechnya and the Dniester region and that "the president of Russia should resign, irrespective of whether he made the decision himself or fell victim to palace intrigues."

On the subject of rumors of his being expected to become the Russian Federation defense minister, the general stated: "I am not a graduate of a General Staff Academy; I am an army commander and I intend to remain as such."

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Kazakhstan

Report on Kazakh Foreign Minister's U.S. Visit

LD1002111195 Almaty PANORAMA in Russian 4 Feb 95 p 7

[Unattributed report: "Minister Tokayev: Dialogue With the USA Is Taking On a Permanent Nature"]

[FBIS Translated Excerpt] Kazakhstan continues to pursue an independent foreign policy. Foreign Minister Kasymzhomart Tokayev visited the United States 25-26 January 1995. Tokayev told PANORAMA about the results of his trip. [passage omitted]

"The aim of my visit was to inform the U.S. leadership about our view of Kazakh foreign policy and the situation in the republic," Kasymzhomart Tokayev said. "Washington expressed some concern with regard to the latest Moscow agreements, in particular, those concerning the beginning of the process of unifying the armed forces of Kazakhstan and Russia. I had to explain that this does not mean the merging of our armies but joint military planning, joint exercises, and cooperation from the point of view of material supplies for military units. First of all this concerns the Kazakh armed forces which need constant supplies of conventional weapons which are not manufactured in the republic. Kazakhstan's commitments under the Partnership for Peace program are still utterly real. In the near future NATO will implement an individual plan of cooperation with Kazakhstan.

"It was noted during the talks with American politicians that relations with Russia have special importance due to well-known reasons. At the same time I unambiguously emphasized that Kazakhstan is and will be an independent state pursuing an independent foreign policy."

During his stay in the United States Tokayev gave the American side an explanation of the customs union of Kazakhstan, Russia, and Belarus and of important agreements with Russia on citizenship. The thought was expressed that the United States should pay adequate attention to Kazakhstan.

"The concept, which was elaborated two years ago, that U.S. assistance should be provided to Russia in the first place, which would then play the role of the locomotive of the CIS, has most likely grounds for it, but we think the attention from the United States must be proportionate to all the countries of the Commonwealth," Tokayev noted. "This point of view is shared by Republican senators: the well-known Republican senator from Kentucky, Mitch MacConnell, declared that U.S. assistance should be distributed evenly and top priority attention should be given to such large countries as Kazakhstan and Ukraine. At the same time my interlocuters noted that Kazakhstan, of all the republics of Central Asia, is closer to the open market economy and therefore it deserves more attention."

During the visit the situation in Chechnya was also discussed. The Americans are concerned by what is happening there and the image of the Russian leadership as democrats has been considerably diminished. But at the same time, according to Tokayev, relations with Moscow are valued in Washington and retain a certain constraint in assessing the actions of the Russian leadership. A considerable similarity in the positions of Kazakhstan and the United States on the Chechen problem was noted, in the sense that nobody doubts that Chechnya is a part of Russia. The methods with which order is being introduced there and which have entailed a considerable number of civilian victims are regrettable. [passage omitted]

The foreign minister viewed his trip to the United States as a success. He noted that Kazakhstan's foreign policy is understood in Washington correctly; The Americans perceived with great satisfaction that Kazakhstan, while closely integrating within the CIS framework, remains an independent state at the same time. An agreement has been reached that the foreign ministries of the two countries will constantly consult each other on the most important international issues. Apart from this the sides agreed to carry on a permanent dialogue. Significant importance is attached to the coming visit of Prime Minister Kazhegeldin at the end of March which, as expected, will pay attention to discussing various aspects of political and economic cooperation.

Kyrgyz President Expresses Hopes for Almaty CIS Summit

LD0902205395 Almaty Kazakhstan Television Network in Russian 1500 GMT 9 Jan 95

[FBIS Translated Text] The president of Kyrgyzstan, Askar Akayev, looks with optimism at the future of the CIS. During an exchange of views with President Nursultan Nazarbayev, the Kyrgyz president expressed his hope that an agreement similar to the Moscow agreement will soon be signed, and real economic cooperation will begin between our states.

[Begin Akayev in Kyrgyz] First of all, whenever we—I would like to put it this way—the heads of state and governments of the CIS states, meet in Almaty, we always come to Almaty with great hopes, since the Almaty meetings always end fruitfully. [sentence as heard] Well, we have met so many times in Almaty since December 1991, and we have adopted very important documents in Almaty.

Tomorrow's meeting also has very important issues, including the pact on maintaining peace and stability in CIS countries, which is being introduced on Nursultan Nazarbayev's initiative. I would like us to adopt this document. In my opinion it is a very important document. [end recording]

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President Meets With Leaders of CIS Member States

LD0902220895 Moscow ITAR-TASS in English 2148 GMT 9 Feb 95

[FBIS Transcribed Text] Almaty February 10 TASS—President of Kazakhstan Nursultan Nazarbayev held separate meetings with leaders of a number of Commonwealth of Independent States this afternoon. They have arrived here to attend the regular CIS summit.

During his conversation with President of Tajiksitan Emomali Rakhmanov he talked, in particular, about the situation on the Tajik-Afghan border and the possibilities of its further stabilization.

In his meeting with President of Kyrgyzstan Askar Akayev discussions were held on questions related to the development of cooperation between Kazakhstan, Uzbekistan and that country within the framework of the common economic space created by them.

Nazrbayev and Georgian President Eduard Shevardnadze exchanged views on problems of maintaining the integrity of that state. The need to resolve them through peaceful means was stressed.

Nursultan Nazarbayev also had a meeting with Russian Prime Minister Viktor Chernomyrdin. They considered the prospects of mutually beneficial relations in the spheres of economy, especially, in the bordering regions, in the light of the recently reached new Kazakh-Russian understandings.

Tajikistan's Rakhmanov Comments

LD0902204695 Almaty Kazakhstan Television Network in Russian 1500 GMT 9 Feb 95

[FBIS Translated Text] Today, President Nursultan Nazarbayev held a conversation at his residence with Tajik President Emomali Rakhmanov. At the end of the meeting Rakhmanov gave an interview.

[Begin recording] [Unidentified correspondent] What was the conversation between the presidents about?

[Rakhmanov] We talked about the development of bilateral cooperation between Kazakhstan and Tajikistan in line with the recent visit to Almaty by our prime minister. A trade and economic agreement for 1995 has been signed. We also talked about the situation on the Tajik-Afghan border, because border-guards from Kazakhstan are serving on the border as well, about the situation in Tajikistan as a whole, and about the position of Tajikistan. And, of course, above all we talked about issues of rendering assistance to Tajikistan with seeds and fuel and lubricants during the spring field works. [end recording]

Popular Cooperative Party Presents Program

954F1261A Almaty EKSPRESS-K in Russian 7 Feb 95 p 4

["Program of the People's Cooperative Party of Kazakhstan"]

[FBIS Translated Text] **On 15 December 1994 the founding congress of the People's Cooperative Party of Kazakhstan was held in Almaty, with 526 delegates from all oblasts of the republic participating. The congress adopted the rules and the program, and elected the party's leadership organs. Oblast conferences have been held in 16 oblasts of Kazakhstan. Rayon party organizations have been organized in practically all rayons. We present readers the program of the People's Cooperative Party of Kazakhstan (NKPK).**

Young sovereign Kazakhstan is entering the 21st century with numerous problems testifying to the advent of a qualitatively new, more complex stage of social development. But today the country is being struck by a grave crisis that has extended to all spheres of life of society. Attempts to resolve emerging problems are utilizing methods that are not always effective, bringing about undesirable results.

Under the banner of reforming the economy, what is really taking place is a process of destruction of public production and a fast deterioration in production forces. Historically developed economic ties are being disrupted. The experience of other countries is being borrowed uncritically in the development of numerous economic programs, which systematically fail in implementation. Of particular concern is the production decline in base industries and the catastrophic situation in the agrarian sector. Economic disintegration is taking place against the backdrop of general legal irresponsibility, all-permissiveness, and growing crime and corruption. Science, culture, education, and health care are deteriorating.

Polarization of society and its differentiation, impoverishment of the majority of population, and a sharp decline in the standard of living, especially among the rural population, have reached unheard-of dimensions.

Unfortunately, during this important and difficult transition period we have found ourselves without a clearly defined and popularly recognized course, a substantiated strategic social goal, or a clear political program for implementing it. Instead of active and purposeful actions on the part of the government, what we see on is indecisiveness and lack of strong will, which hampers the achievement of positive results in the course of the current transformations. All this may cause a conflict between society and the state authority whose consequences are unpredictable.

In these historic conditions an intensive process of development of a multiparty system has begun in the republic. Unfortunately, so far there is no political force capable of leading society out of the dead end in which it has found itself. In this connection it becomes evident that there is an urgent need for the creation of a political party capable of consistently defending the interests of the working people, first and foremost rural residents. The task of the People's Cooperative Party of Kazakhstan (NKPK) is to become such a party.

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I. The Party, Its Character, and Main Directions of Activities

The NKPK is a democratic party of the parliamentary type, with a centrist orientation. It operates in strict compliance with the Constitution and other laws of the Republic of Kazakhstan, using parliamentary and other forms of activities. The party's activities rule out use of violence and extremist methods and rely on persuasion and discussion, criticism, conscious discipline, tolerance to dissent, and coordination of views and positions in political decisionmaking.

The program of the People's Cooperative Party of Kazakhstan is aimed at raising the well-being of the people, ensuring social protection, and improving the people's labor and living conditions, first and foremost those of rural residents; accelerating the national economy's transition to civilized market relations; achieving civic peace and national accord; building a law-based democratic state; and every possible development of consumer cooperatives' activities.

The NKPK's social basis is the rural population, workers in the sphere of the cooperative movement, material production, and service. As an all-people's party, it integrates the interests of all population strata.

The party defends the interests of first and foremost the rural population, since agricultural workers have experienced more than others all the hardships of industrialization, collectivization, and numerous other reforms. The rural population is the least socially protected and wealthy part of the country's population. Agricultural production and social infrastructure substantially lag behind urban. At the same time, it is absolutely obvious that without developing agricultural production it is impossible to ensure a high standard of living for the whole population.

The NKPK, drawing on community and collectivist traditions, consistently advocates the establishment and development of cooperative foundations in the sphere of production and consumption. At the same time, the party takes into account the fact that cooperation and its numerous forms and subjects represent the "blood circulation system" and the mechanism of the functioning of the market, affect the effectiveness of commodity-monetary relations, and help in the integration of agro-industrial production.

As a popular party, the NKPK views the people as the only source of power and the social basis for creating a truly democratic society. It sees as the meaning of all its activities the prosperity of the individual as the most important social value, the happiness and well-being of his family as the fundamental cell of society, and the prosperity of the entire people as the guarantee of stable development of the republic.

II. The Party's Program Goals

The NKPK sees politics and power not as a goal in itself but as a powerful means of solving the fundamental problems of socioeconomic, political, and spiritual life of society.

The party's main goal is to build a civil society based on the supremacy of law; ideological, political, and economic diversity; to build a socially oriented economy and regulated market; to establish a strong democratic state capable of ensuring a decent life and well-being for the people; the realization of civil rights and freedoms; to strengthen law and order; the development of science, education, and health care, and the flourishing of a multiethnic culture; and peace and accord in society.

In the social sphere the party will strive for:

—Achieving social justice, the constitutional right to work, and raising the level of employment of the population;

—Preventing a further decline in the people's standard of living, raising the minimum wage and guaranteeing it by the state;

—Increasing the share of state budget revenue directed into housing construction, health care, education, and social support of pensioners, students, disabled, and other insufficiently protected population strata;

—Preserving and developing, first and foremost in rural areas, the system of social-cultural, educational, and sanitary-medical institutions. Restoring the state and trade union network of facilities for organized health improvement and recreation of the population, especially children and young people;

—Giving priority to the family in decisionmaking regarding societal problems; and state protection of motherhood, childhood, and women's rights;

—Social partnership between workers, trade unions, and entrepreneurs; harmonization of relations between different social communities and groups, nationalities, and people of different generations, faith, and convictions;

—Implementing socioeconomic programs ensuring raising the status of farmers and cooperative members in society. These professions must be respected and honored;

—State support in resolving the socioeconomic problems of rural youth.

In the economic sphere the party sets the following goals:

—Forming a socially oriented and highly efficient economy based on a diversity of forms of ownership, in which state, cooperative, and private enterprises in a mutually complementary manner will contribute to the economic might of Kazakhstan and the stable growth of its people's well-being;

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—Creating a new economic climate in the country. To this end, developing on a competitive basis a comprehensive program of taking Kazakhstan out of the deep economic crisis. Envisaging in its first phase orientation of the economy toward the fastest possible overcoming of the crisis, restoration of the manageability of production and economic ties, rejection of the "shock therapy" ideology and practice, and overcoming its negative consequences. In the second phase, ensuring stable rates of production growth and labor productivity on the basis of its technical modernization, structural restructuring, the development of science-intensive production, raising product quality and competitiveness, and the installation of waste-free and environmentally clean technologies;

—Replacing the free-market concept with the concept of combining rational state regulation and advisory planning with market mechanisms and competition;

—Improving the forms of the state's influence on the economy, orienting fiscal, tax, credit, and price mechanisms toward accelerated development of the social sphere and material production;

—Developing domestic civilized entrepreneurship and new market structures. State support for entrepreneurs investing in the development of leading sectors of material production—the main source of raising the well-being of all population strata;

—Carrying out privatization of state property by taking into account the vital interests of all members of society; ensuring state support for enterprises of greatest importance for the republic during the post-privatization period of their activities;

—Strengthening foreign economic ties while at the same time reducing to a minimum the national economy's dependency on external factors. Eliminating the existing danger of turning Kazakhstan into a raw material appendix of foreign states and any speculation with its richest mineral resources. Creating on a legislative basis a concept of relations with foreign investors and creditors that will guarantee strict observance of national economic interests;

—Clearly identifying priorities that must have constant state support over the next few years. The party considers as such the following:

a) The agro-industrial complex [APK], in which we must create incentives for agricultural producers of all forms of ownership; building an extensive network of enterprises for storage and processing of agricultural products and development of social infrastructure in rural areas;

b) The fuel and power generation complex, whose development assures Kazakhstan's self-sufficiency, and providing all its economic sectors with electric power and petroleum products on the basis of our own resources;

—Introducing a comprehensive program to combat inflation;

—Recovery of the financial system and ensuring stability of the national currency;

—Expanding the capacity of the domestic market by saturating it with domestically produced products; the state providing economic incentives for Kazakhstan's goods producers, especially in rural areas.

In the consumer cooperative sphere the party believes it necessary to:

—Expand the field of operations of the cooperative movement as an important means of economic and social development, increasing the republic's production and financial potential, increasing employment and satisfaction of social needs of the population;

—Establish relations between consumer cooperatives and the government on the basis of the need to ensure their independence and democratic character, as well as strengthening the system's potential in order for them to make an effective contribution to the common process of the country's socioeconomic development.

—Adopt legislative acts regarding consumer cooperatives on the principles of cooperation as set forth by the international alliance of cooperatives and recommendation No. 127 of the International Labor Organization; recognizing it as an independent form of socioeconomic organization that possesses rights equal to those of business enterprises in the state and private sectors of the economy;

—Strengthen cooperative organizations on the national level in order to enable them to function as equal partners of the government in all areas of mutual interest;

—Set up and develop consumer cooperatives as an important means of economic, social, and cultural development, as well as human progress;

—For the government to draft and implement a statute in keeping with which cooperatives as a self-managed form of private enterprise owned by their members will receive state aid and assistance of an economic, financial, technical, and legislative nature without infringing on their independence;

—Create favorable public opinion regarding cooperatives and the value they represent for society;

—Raise the quality of professional training in the system of cooperative education.

In the sphere of the agro-industrial complex the party will direct its efforts into:

—Ensuring sufficiency of Kazakhstan's food supply from the national security standpoint and active state

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support for the APK, and the development of its material-technical base as well as the social infrastructure of the countryside;

—Creating the necessary conditions for expanded reproduction in the agrarian sphere of the economy on the basis of maximum utilization of its own potential for achieving a real parity of prices for industrial and agricultural output;

—Supporting the course toward intensive development of lagging segments of the APK: the processing industry, the agroservice sphere, land-reclamation systems, and roads;

—Creating diverse forms of economic activities in agriculture: kolkhozes, sovkhozes, peasant (private) farms, joint-stock companies, and others; ensure peasants' rights to choose freely the type of activities and method of carrying them out;

—Forming agro-industrial companies with a full cycle of production, processing, and distribution of agricultural products. Creating agropolises that combine financial resources of rural and urban enterprise and banking capital;

—Providing all possible support for individual farmers, farmers' associations, and interfarm cooperatives, and their integration with the agrobusiness and other economic spheres;

—Allocating land plots to anybody who desires them for personal auxiliary farming, orchards, and vegetable gardens; ensuring strict state control over the targeted and highly efficient use of land as the most important national resource. The NKPK considers the land all-people's property which should not be turned into a commodity. While maintaining state monopoly of it, it is necessary to expand the forms of legal possession and use of land.

In the political sphere the party will strive to:

—Attain political power in alliance with parties and movements whose interests and goals are not contrary to the NKPK program requirements. Form its own parliamentary faction, and under favorable circumstances—a coalition government of popular trust. By its active and multifaceted activities the party will strive to exert substantial influence on all areas of public life;

—Ensure truly independent statehood and its complete democratization; unfailing implementation of the principle of separation of powers; strengthen the local self-rule system; create a modern civil service, for which the highest principle of activities is the law and the interests of the people. The NKPK proclaims its adherence to the form of state government comprising a strong presidential authority, a strong parliament, as well as formalizing on the constitutional level the balance of power between the branches. Strengthening the ties between political authority and all strata of Kazakhstan's society is a guarantee of strengthening the state and stable development of the social system;

—Bring the whole system of social—first and foremost legal and political—relations into full conformity with the Universal Declaration of Human Rights. Ensure civil rights, political freedoms, and the opportunity for people to join public associations and organizations on the basis of ideas understandable to them and realization of their interests;

—Form and integrate the interests of the peasantry and cooperative members and support their joint activities as independent political subjects;

—Implement military reform, create a battle-worthy army, and strengthen the armed forces that ensure the republic's security. The military serves the people—not parties. Defenders of the motherland unquestionably must themselves be protected socially. Kazakhstan's interests must be protected not only by strength of arms but by the economic might of the country, its high authority in the world community achieved by skillful implementation of a peaceful foreign policy course aimed at strengthening peace and security;

—Practical realization of the principles of integrating interstate organizational development within the framework of the former USSR taking into account expression of will of the people and awareness of the fallacy of disrupting existing ties that has led to the self-isolation of CIS countries. At this stage the NKPK advocates every possible development and strengthening of multilateral relations between them;

—Preserve the many centuries of good-neighbor relations between our people, first of all with the peoples of Russia, Central Asia, and China; strengthening equal, mutually profitable cooperation with all peoples and states of the world community;

—All possible development of the mass media, overcoming monopolism and subjectivism in their activities and tendentious presentation of facts giving rise to conflicts between different population groups;

—Ensure equal opportunities for the activities of all political parties and movements, especially in the process of conducting election campaigns, with the exception of various extremist, racist, and fascist organizations. At the same time, the party welcomes a diversity of ideas, views, positions, and political organizations, while showing loyalty and tolerance to dissent, and supports the existence in society of constructive opposition as a necessary condition for building a democratic law-based state;

—Raise the responsibility of the authorities, keeping in mind that the state should not have any institutes of authority outside public control.

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In the sphere of ethnic relations the party will strive toward:

—Improvement of interethnic relations, preservation and development of culture, language, and originality of each people living in Kazakhstan, respect for their national traditions, and the achievement of interethnic peace;

—Decisive rejection of violent methods of resolving interethnic disputes and any manifestation of ethnic egotism and extremism or discreditation of citizens by ethnic or language attribute. The NKPK is deeply aware of the complexity of the problem of state language and advocates its gradual resolution within the legislative framework on the basis of popular opinion. No less important and complex is the problem of dual citizenship. However, its hasty resolution may prove to be a destabilizing factor in the situation of fundamental transformation of the system of social relations;

—Implementation of measures aimed at halting population migration, which will envisage creating equal opportunities for all ethnic groups in political, social, and economic activities, in all spheres of society's life. Friendship and brotherhood among the people is the most important condition of the strengthening and stable development of the republic.

In the spiritual sphere the party will strive for:

—Raising national dignity and national self-awareness of each nation and the entire people of Kazakhstan as a very important task for the NKPK;

—Creating necessary conditions for forming a harmoniously developed and spiritually rich individual, high moral qualities, and a respectful attitude toward people regardless of ethnic background and confessional affiliation. The party wants to particularly note the importance of this problem in the matter of raising the younger generation. Developing the national dignity and national self-awareness of each nation and the entire people of Kazakhstan is a very important task for the NKPK;

—Preserving and amplifying the wealth of multiethnic, first and foremost Kazakh, culture and arts, historical landmarks, and traditional crafts of Kazakhstan's people. Ensuring on a priority basis the opportunity for the upcoming generation to assimilate the achievements of science and culture;

—Restricting the all-out penetration of Western mass culture, overcoming the commercialization of spiritual values;

—Attracting private investment into the development of spiritual culture. Creating diverse foundations to support young talent;

—Realistically ensuring freedom of conscience, the right of each to profess religious, atheistic, and ideological views that are close and understandable to him;

—Applying the eternal cultural values and traditions of the peasantry in work, everyday life, family, and human contact.

In the sphere of ecology, the party believes it necessary to:

—Rationally use national resources and conduct a policy preventing disruption of the ecological balance, improve ecological legislation and economic mechanism capable of overcoming the ecological crisis, desertification, chemical pollution, and degradation of soil, forests, and fauna;

—Develop a concept of ecologically stable development of agriculture, comprehensive socioeconomic and ecological development of territories, and resolve the problems of backward regions;

—Adopt a package of laws defining the ecological status of the republic, its integration in the world ecological community, prevent further disruption of the biological balance of the Aral and Caspian seas and the territory adjacent to the Semipalatinsk nuclear test site;

—Ensure reasonable sufficiency in determining the size of plowed land and pastures, recultivation of land and forests ruined by predatory use, and the creation of natural parks and preserves for the protection of unique natural riches.

* * *

Seeing politics as a means of serving the people, the People's Cooperative Party of Kazakhstan sees its main task as convincing fellow citizens of the correctness of its ideas and the methods of their achievement, winning free democratic elections, and implementing the political course defined by the party program.

The editorial staff, while not members of this party, nevertheless found it possible to acquaint readers with its program (this is paid material).

Government Analyzes Economic Reforms

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[FBIS Translated Text]

The New Phase of Economic Reforms and a Forecast of the Socioeconomic Development of the Republic of Kazakhstan in 1995

This document reflects the analysis of the government of the Republic of Kazakhstan on the course of reforms and defines the main areas of economic policy for the medium term. The achievement of macroeconomic balance by the middle of 1995 will make it possible to assign a leading role to structural investment policy, the improvement of fiscal and production relationships, and the reform of state enterprises, which will ultimately ensure that the crisis is overcome.

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Some Results of Reforming the Economy

At the end of three years of radical economic reforms, the situation in the republic is still difficult and contradictory.

The decline in industrial production has been continuing for four years, and in 1994 was 28.5 percent of the level of the previous year. Gross agricultural output in 1994 fell by 23 percent. As a whole, the fall in GDP was 25 percent relative to the level of 1993.

Nonpayments are strangling the economy. As of 1 January 1995, the total postponed debts of enterprises and organizations on loans from banks and unpaid accounts was 152 billion tenge, of which 16.1 billion tenge was for bank loans and 135.9 billion tenge was for unpaid accounts.

Agricultural enterprises have the most debts to the banking system and enterprises in the fuel and energy complex have the most mutual debts. And although the government is taking measures to strengthen financial discipline and exit the crisis, nonpayments continue to have a negative affect at micro- and macroeconomic levels. Indices of the average standard of living of the population stabilized a little in the second half of 1994, but at the same time, the high degree of differentiation of incomes which has formed in recent years was preserved. At the same time, the reforms of 1992-94 stimulated the transformation of the economy into a market economy. A fairly high degree of liberalization has been achieved which is close to the acceptable limits in current conditions.

Thanks to this, the situation in the commodity and finance markets has changed fundamentally. The most characteristic feature of the planning-distributive economy—the shortage of goods—is becoming a thing of the past everywhere.

The process of forming a new price structure, which meets supply and demand, is going on. This process is exceptionally important, because as a result prices will give reliable signals to industry—what to produce and in what quantity. From this there should arise a stimulus for moving capital and then a move towards a more effective structure of the economy.

It has not been possible to achieve full macroeconomic stabilization, but we are close to it as never before. It is extremely important that positive bank interest rates are being maintained in relation to the inflation rate. This helps create the preconditions for beating inflation. In the second half of 1994 the inflation rate fell steadily from 45.9 percent in June to 10 percent in December. And on the contrary, the increase in the inflation rate at the beginning of the year and the slump in the tenge's exchange rate were the consequence of insufficient toughness and a lack of consistency in macroeconomic policy and again proved the fact that it is impossible to achieve the stabilization of the financial system and prices when making compromises to pressure from various lobby groups. Nevertheless the disruption which occurred last year does not change the common tendency to macroeconomic stabilization, though it still demands a good deal of effort.

Vital advances have taken place in the market infrastructure: trade and the banking system have developed rapidly, the formation of other financial institutions has begun, i.e., those spheres of the economy which previously were extremely poorly developed but vitally necessary for the functioning of the market.

Comparing the positive results of the reform and their negative consequences, one may affirm that an extremely painful and difficult process is taking place, but one that is, as a whole, inevitable and normal in the conditions which have arisen and one which is acquiring an ever healthier nature.

Threats are occurring at every step, demanding quick reactions. But there is no longer a threat of total catastrophe and chaos.

New Stage of the Reforms

In those specific conditions in which market reforms started in the former countries of the socialist camp and the republics of the USSR, objectively the first stage was the stage of development in crisis. Its characteristic feature was that, whatever measures might have been taken, or whether the pressing transformations were forced or held back, nevertheless, at the given time, there was a deterioration in the country's economic situation—a fall in production, inflation, and a lowering in the standard of living.

The initial phase of this stage in Kazakhstan (1988-91) is characterized by a certain liberalization of the economy, the appearance of enterprise and the gradual weakening of the structures of the planning-distributive system. The main problems of this period were the extreme worsening of the situation as regards the availability of goods and the collapse of the financial system.

The following phase (1992-94) is connected with the liberalization of prices and measures to open up the economy and toughen credit policy which created the nucleus of the radical economic policy. At this stage there is a combination of high inflation and a general fall in production but the problem of the shortage of goods has already been solved. The main problem became open inflation, which replaced hidden inflation.

The introduction of the national currency in Kazakhstan gave the opportunity to develop and implement a complex economic policy, aimed at reforming production relations and overcoming the crisis in the economy.

In 1994, positive measures became more distinctly visible: the fall in the inflation rate, the growth in savings, the stabilization of the tenge's exchange rate and the lowering of bank interest rates. The fall in production,

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which worsened sharply in November 1993 - March 1994, in certain industries practically stopped from autumn 1994, which allowed industry as a whole to ensure a production growth in September of 0.3 percent, in October of 2.9 percent, in November of 1.8 percent and in December of 1.1 percent.

In contrast to previous years, the stabilization in production since June 1994 has been accompanied not by an acceleration, but a deceleration of the inflation rate. All of this is evidence of the first signs of the possible stabilization of the economy, or at least of the arrival of the real prerequisites for it.

At the same time structural problems started to become worse: the various degrees of collapse in individual industries were caused by differences in the dependence on imports, in the structure of demand limitations and in the level of production of domestic producers.

As before, the most acute crisis is in branches of the processing industry. At the same time in the raw material producing industries the fall in production is noticeably lower: the demand here, taking into account the possibility of exports, is more stable. It is obvious that the undesirable burdening of the structures of production should be considered as inevitable in the transition period, the consequence of changes in the volume and structure of demand, prices, and also of the low competitiveness of products, first and foremost, of the processing industry.

As a consequence of the liberalization of the economy and changes to the price structure the costs of our enterprises, including the raw material industries, often turn out to be actually higher than those of foreign competitors. The tendency towards an outstripping growth in internal prices during a successful fight against inflation deprives enterprises of the possibility of covering, as before, high costs with the differences between internal and world prices, and also by using the instability of the currency's exchange rate.

In connection with this, the problem of lowering the costs and increasing the competitiveness of our enterprises, which was not so acute in 1992-93, has become bad and will become worse. Because of this the demand for investments to renew industrial capacities is growing sharply. The increase of the share of consumption in GDP during the period of crisis is natural due to the attempt to preserve the population's sufficient standard of living as much as possible, but the continuation of this tendency will lead to the eating up fixed capital and to the freezing of the structural reconstruction of the economy.

The necessity of lowering the costs and increasing the competitiveness of domestic producers revives the internal incentives for enterprises to make highly efficient investments. The improving conditions for savings created by the stable macroeconomic environment and corresponding legal basis also give hope that investment proposals will grow too.

At the same time, the possibilities of the tax policy, which was conducted in the preceding period, turned out to have been exhausted to a significant degree. The tax burden on enterprises is too huge during the period of economic crisis, and the accumulation of non-payments and a further increase in it will only lead to further tax evasion. The time has come to adopt a decision on lowering the tax burden.

Apart from that, the level of tax and duty collection is extremely low. The customs services do not control a considerable portion of goods and services exported and imported. The main factor for the growth in nonpayments is now not the lack of money, which happened during the first period after the liberalization of prices, but the fall in financial discipline and the inability of the heads of many enterprises, mainly in the state sector, to adjust to the tough financial restrictions essential to the market economy.

There are still areas for cutting state expenditure, first of all in the financing of the economy, and also expenditure on maintaining the Army and the machinery of state. However, every such cut now is attended by the risk of serious social complications.

These phenomena represent only some areas of the crisis of the main institutions of mutual relations between the economy and the authorities, which to a large degree are the result of the lagging behind of the necessary institutional reforms themselves, and first and foremost in the field of civil law.

The speediest improvement of the economy requires a persistent and more accelerated continuation of the transformations, connected not least with tough and unpopular measures. In the meantime, a softening of socioeconomic policy in the best case can bring only temporary relief on ever narrower local scales, dragging out the period of crisis and on the whole aggravating the situation.

On the basis of all the results already achieved and the problems which have appeared again, the following conclusion may be drawn: We have reached a new stage of the reforms. It is very important to note that the similarity of the problems and the parameters of development give grounds to believe that we have approached Russia in terms of the speed of conducting reforms.

The stage of the development in crisis is coming to an end; the stage of economic stabilization can and must start.

Choice of Strategy (The Medium Term)

The choice of a development strategy for the medium term must be implemented proceeding from the fact that the main aim of this stage is the stabilization of production, the creation of prospects for stable economic growth and increasing the population's well being, and stepping up social policy while maintaining inflation at a low level.

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At the same time, the objective process of the transition period and the real possibilities of influencing them should be assessed soberly.

It is unreasonable to stick to a strategy which would be based on supporting production at uncompetitive enterprises by means of subsidies and preferential credits and by completely barricading them against competition by using high customs barriers.

This situation would provoke an upsurge in inflation and be a brake on implementing the structural transformations and the formation of real savings and would drag out the term of their transformation into effective investments. Just as unacceptable are the recommendations on increasing state interference in the economy by extending control over prices or creating artificial demand for domestically produced products in the form of additional increases in the state order, etc.

Such a strategy would mean a retreat, the loss of those positive results which were achieved at such cost during the previous years and which give hope for exiting the crisis. It does not solve practically a single problem facing the country, but creates only the illusion of short-lived improvements. The isolation and regulation of the economy as a result of this strategy deprives us of the prospects for improving living standards. The lessons of the first half of 1994 shows with specific clarity that attempts to improve the economy with unjustified financial injections and backtracking in the struggle against inflation will not be successful.

The practice of previous years shows, that if the orientation is to suppress inflation over a long period while continuing the policy of granting directive credits (which is the same in our conditions as subsidizing enterprises), the tension in the financial system will increase. The tortuous balancing in conditions of unstable equilibrium, fraught with the threat of collapse any moment, will be dragged on for a long time, while the economy will face the threat of sliding into a long period of depression. At the same time, the preserved unfavorable conditions for investment will lead to the real revival of production being postponed indefinitely. In conditions when the fixed assets of enterprises are obsolete or physically worn out, this is a direct threat of collapsing production itself.

In order to achieve the main aim of the medium term stage of stabilization, it is necessary first and foremost to achieve macroeconomic balance by the middle of 1995, the prerequisites for which are created at the previous stage.

Lowering inflation from two to four percent a month during the first half of the year while improving the institutional factors of business activities makes it possible to count on a lowering of bank interest rates to a magnitude acceptable for the normal crediting of circulation and investments. This will ease the financial position of enterprises and create the conditions for reducing nonpayments, stimulating savings, and transforming them into investments. Moreover with the resolve of the government and parliament to take the toughest measures to save money and make restrictions, allowing the stable management of the expenditure part of the budget, it could be possible in the second quarter of 1995 to move to credits at an interest rate which is oriented towards future—planned—inflation, and then move to a fixed tenge exchange rate. Then it would be possible to achieve already in 1996-97 the stabilization of production and revive economic growth.

There is a previously unknown and difficult choice before us. But under the conditions which have arisen, the only reasonable way is the active strategy of achieving macroeconomic stabilization and the improvement of the economy.

All this demands the adoption of a tough 1995 budget reflecting the possibilities for mobilizing revenues and rationalizing expenditure. For this, it is necessary to reduce the budget deficit to about 3.5 percent of GDP and to ensure that the budget deficit is covered on the whole by noninflationary sources, i.e., by selling state securities and foreign borrowings with a minimum level of credit from the National Bank. At the same time it is necessary to switch to a new tax basis which should be introduced no later than the middle of the year, which will cause certain problems for the budget, but will bring long awaited relief for manufacturers.

This policy for covering the budget deficit is explained by the impossibility of quickly raising budget revenues or cutting budget expenditure without negative consequences for a number of important economic sectors. Apart from this time is necessary to ease the process of adapting to the tough budgetary restrictions and for halting further financing of budget expenditure through emissions.

It should also be taken into account that the sale of state securities in large volumes will in due course lead to an increase in expenditure to service the internal debt and will divert resources from the currency market which may have been channelled to investments in industries. In connection with this, the government intends to develop a strategy for managing its internal debt which is similar to its existing scheme for managing foreign borrowings.

At the same time the government intends to create in 1995 the necessary preconditions for improving the collection of taxes and other budget revenues.

Measures will also be taken to rationalize state expenditure, and at the regional level as well. Simultaneously with the reform of the tax system, the government is planning to tighten up the current mechanism for distributing revenues between the republican and local budgets, which will take into account the interests and level of development of the regions.

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Encouraging enterprise and private investments and reforming enterprises with the aim of improving the efficiency of production and administration should play a key role in raising budget revenues and cutting the budget deficit. The tangible effect of these measures will not appear before 1996- 97. This entails the deepening of reforms at the level of branches of industry and enterprises and intensifying institutional and structural changes which will result in the growth of incomes of enterprises and people and hence broaden the tax base and increase budget revenues as well as create sources for investments.

The gradual and relentless continuation of the policy of achieving macroeconomic stability will allow structural and investment policy and the improvement of financial and industrial relations and the reform of state enterprises, which in the end will ensure that the crisis is overcome, to be brought to the fore by the middle of 1995.

The basic aims of the medium term program therefore are:

—Ensuring an increase in the standard of living of citizens as a result of suppressing inflation and conducting an active social policy taking into account the interests of various groups and sections of the population;

—Achieving macroeconomic balance and thus creating favorable conditions for increasing investment activity;

—Achieving the stabilization of production and creating the conditions for stable economic growth;

—Improving the conditions for the development of enterprise and business activities, implementing privatization in order to raise the efficiency of production and encouraging investments;

—Intensifying structural and investment policy and encouraging investments in highly effective, competitive industries while preserving the most valuable elements of accumulated scientific and technical potential;

—Strengthening the institutions of state power, ensuring a break-through in strengthening legality and law and order, in the fight against crime, and getting payments and financial discipline in order.

Implementation of the program to deepen reforms and exit the economic crisis will allow, by the middle of the year, the transition from anti-inflation policy to a complex of measures aimed at stabilizing production while preserving the macroeconomic balance which has been achieved. At the same time, much will depend on the legal basis of the reforms, the formation of a system of legal acts, and the coordinated work of parliament and the government.

The republic's Cabinet of Ministers has begun to develop a medium term program to develop the economy, and its main areas, coordinated with economic policy in 1995, are given below.

Fiscal and Credit Policy and Institutional Reforms

The following basic steps will be taken or continued in the finance and credit sector.

The government intends to make a real assessment of budget revenues and rationalize the structure of budgetary spending. This will include a consistent reduction in ineffective state expenditure, primarily subsidies and benefits, including those for the agrarian sector. Support for enterprises will be implemented via effective investment projects. At the same time, supervision over the disbursement of state funds will be intensified.

From 1996 the budget deficit will cease to be covered by credits from the National Bank. State securities will be sold on a larger scale, as a source of noninflationary funding for the budget deficit. At the same time, excessive spending to service the state's domestic debt will also be ruled out. Foreign loans extended on preferential terms will also be used to fund the budget deficit.

The main aim of the tax reform, which needs to be started this year, is to simplify the developing taxation system without changing its basic elements, and to reduce the tax burden on enterprises. Meanwhile the state must maintain a stable tax policy over the medium term.

Taxes must be given a greater role as social regulation mechanisms which stimulate effective production and restrict wasteful consumption.

The government foresees some increase in taxes on natural persons and a reduction in the tax burden on enterprises. This is an inseparable characteristic of a taxation system adapting to the demands of the market economy. Simultaneously, direct taxes on enterprises must be significantly lowered. This must include a cut in the deductions which are made when the set expenditure on wages is exceeded, and from 1996 these reductions must be abolished, once the inflation-cutting objectives have been achieved. The increase of taxes on revenues and properties of natural persons next year must not bring to the lowering of practical revenue of the population.

The tax reform, including simplification of the taxation system, and the improvement in the tax service's work must ensure that taxes are collected in full.

Increasing lease payments in sectors involving the use of natural resources will make it possible to increase revenues to the budget out of income which the producers currently appropriate regardless of the practical contribution they make to added-value, and will encourage efficient use of natural resources.

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In the medium term, steps will be taken to increase the deductions paid by enterprises for amortization purposes to a normal level. Accelerated amortization methods will be applied more widely.

The role of the republic's National Bank in fiscal and monetary policy will continue to increase and its independence will be strengthened. It will also take on greater responsibility for the stability of the national currency and the inflation level, as well as for the state of the banking system and the quality of its work.

The main thrust of institutional reforms for the immediate future is to strengthen legal observance and introduce basic order, including for payments, transactions, and creating tough mechanisms for financial accountability.

The market economy can demonstrate its efficiency and ensure an increase in the well-being of citizens and strengthen statehood only on the condition that stable rules of the game, which are observed by all and are favorable to business activities, exist and operate in it. At the same time, it is necessary to create a situation of confidence and predictability so that enterprises can organize their plans for the future and invest money in their realization, while citizens can feel confident of the future and that the state ensures the protection of their rights and property.

At present we do not yet have these conditions. The costs, connected with ensuring the implementation of agreements and other obligations, the protection of the individual and property, and the insurance of commercial and political risks are so high that the possibility for achieving positive results in economic activities are considerably limited. It is necessary to radically improve these conditions.

What actions should be purposefully conducted in this area?

The fight against crime and corruption, including in the sphere of the economy. The circumstances of the transition period and the redistribution of property encourages the development of these negative phenomena. The task is to implement the measures set out, while observing legality and human rights.

Parliament faces particularly major work in improving civil and criminal legislation and in reforming and consolidating the judicial system.

The consolidation of contract and payment discipline—Measures in this region, such as strengthening financial control, selling enterprises in debt, increasing the accountability of state-owned enterprises and closing [as published] every possible small and private enterprise in them, and changing the system of management must be vigorously implemented.

The radical improvement of the conditions, forms and methods of work of the customs service, equipping it with new technology.

Improving the results of currency control.

The organization of effective control by the state of its property.

Increasing the accountability and efficiency of the work of the state apparatus.

From the beginning of this year and in the medium term, antimonopoly policy will be stepped up and effective control over enterprises, which are natural monopolists, will be established. The government has already started and will complete the first stage of the demonopolization of organizational economic structures.

Structural and Investment Policy

The distinctive feature of the situation consists of the fact that the old production structures, which are unable to adapt to the changed conditions, experience the toughest blows of the crisis and, first and foremost, cause the depth of the fall in production.

At the same time, the decrease in production in these structures is not yet compensated for by the growth in new or reorganized, more efficient enterprises. Private capital continues to be concentrated mainly in the trade and finance sector, considering investments in the production sphere still too risky and insufficiently profitable, first and foremost because of the macroeconomic imbalance.

The strategic aim of state structural policy is the creation of a system of competitive domestic industries to ensure the republic's steady economic growth and which successfully participate in integrated world economic relations.

The reform of enterprises takes an important place in the realization of state structural policy as a method and means of rejecting inefficient industries and the weak transformation of the management of enterprises.

Within the framework of the reform of enterprises, measures will be taken to restore state control over the efficient use of state property and in the first place over the condition and effectiveness of the work of state enterprises. With this aim, it is planned to submit a draft law on state enterprises to the Supreme Council which precisely regulates the authorities and functions of the heads of state enterprises and their responsibility to ensure the rational use of property belonging to the enterprises. The law should create the preconditions for the state to genuinely exercise its powers as an owner, putting an end to the lack of control over and theft of state property and ensuring its efficient use.

The government will elaborate a system of measures and create special financial institutions which will assess enterprises and prepare plans for their reorganization in order to implement the restructuring of non-strategic enterprises. At the same time the final aim of such work is the privatization of enterprises or their closure. A rehabilitation trust will be founded in the near future

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which will undertake servicing and carrying out the reorganization of a number of the largest insolvent enterprises.

Privatization should be an important instrument for increasing the efficiency of the economy, reorganizing and restructuring enterprises and attracting investments into production. An infrastructure and effective system of state regulation of the securities market which guarantees the protection of investors' interests is to be created.

The new stage of the transformation of the economy is also connected with considerable changes happening at the level of enterprises. Despite the formation of certain sources for private investments their potential volumes are entirely insufficient in comparison with the demands of structural reconstruction. In these conditions it is necessary to continue to actively attract foreign investors who can bring not only capital but also new technologies and modern methods of organizing and managing production.

They can also help increase the volumes and diversification of exports, including via trading networks in western markets which are accessible to them. The list of projects of national importance alone potentially allows the attraction of no less than 1.5 billion or 2 billion dollars annually. At the same time, the government intends to conduct a rational strategy of foreign borrowing taking into account the limit in the growth of foreign debt.

Taking into consideration the difficult condition of domestic producers and the necessity of increasing their competitiveness and their adaptation to the demands of the domestic and world market, a balanced foreign economic policy must and will be carried out by combining the openness of the economy and creating a competitive environment through the presence of foreign goods on the market with reasonable protectionism. The Cabinet of Ministers will help encourage the growth in the republic's export potential and implement the selective protection of enterprises which can increase their competitiveness and find a market for their goods.

Social Policy

The stabilization of the population's standard of living and ensuring its growth while reducing the burden of the crisis on less protected sections will be the main goals of the government's social policy. With these aims in 1995 it is planned:

—To gradually increase the minimum wage and labor payment for workers in the budget-funded sphere, pensions, grants and benefits to compensate for losses caused by inflation to the appropriate sections of the population;

—To increase the tax burden on incomes and property of the most well-off sections of the population during the tax-reform process;

—To increase the efficiency of targeted support for the most vulnerable sections of the population.

If the economy's resources permit, the government intends to start the restoration of the population's savings. It is planned that these funds should be the main noninflationary source of the growth in investments. Apart from this the priority compensation of a significant portion of the savings of the elderly is also proposed.

The social policy for the able-bodied population will be directed at creating a system of incomes support by reforming wages and the conditions for higher earnings through individual labor contributions and economic enterprise and initiative regardless of the form of ownership, the guarantee of maximum employment and the expansion of the use of public works in areas with high unemployment levels.

It is intended to place under special control the process of mass redundancies, first of all as a result of the closure and bankruptcy of insolvent enterprises and industries, and the issue of the re-employment of workers. The system of professional training for the young will be brought into accordance with the requirements of the economy.

Work to improve the present system of social insurance and to introduce obligatory and voluntary insurance will be carried out. The improvement of the social insurance system presupposes that it will be adapted to the individual.

It is intended to create a three tier pension system. The first tier is the state guaranteed minimum pension, the second tier is the pension provided by obligatory insurance, and the third tier is the pension provided through voluntary pension funds.

In the social sphere in the first place, assistance will be provided to medicine, to its priority fields such as protecting motherhood and childhood and the fight against tuberculosis, the financing and reformation of the public health system; to basic education and culture, in particular the solution of the problems of the social status of medical and pedagogical workers. The time has come to introduce insured medicine for which it is necessary to create a normative base and develop a state program for its introduction and development.

The reform of the health system foresees, on the one hand, the preservation of guaranteed free medical aid in state establishments, and on the other the reorganization of the present bed network, the reform of medical education, social security for health workers, the introduction of insured and chargeable medicine as well as the development of private medical practice and the production and use of medicines.

Measures will be taken to stimulate house-building by attracting the savings of the population and with state support. House-building must and will be viewed as one

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of the priorities of structural policy and serve as an engine for boosting the economy. Both budget funds and other financial sources will be directed to this end in 1995-96.

The time has come, along with other measures for supporting goods manufacturers and together with the regions, to start the real transfer of the social structures of enterprises to local authorities. The sites which enterprises no longer want should be privatized or transferred to local authorities. And the mechanism for the transfer will depend on the specific situation in every concrete case.

The government, by attracting funds and assistance from international organizations, will support this process.

Trends and Basic Parameters of Economy Development in 1995—Macroeconomic Situation

Achieving a macroeconomic balance will lay the basis for normalizing trade relations both on the domestic and foreign markets, for increasing the accumulation of funds, increasing real incomes of the population, reshaping the structure of production and updating the technology it uses, and ultimately developing Kazakhstan as an independent state.

At the same time, the following main destabilizing factors will continue to have an effect on the output of products in 1995:

—The high level of debts which enterprises owe each other, the banks, the budget and outside suppliers;

—The lack of savings by enterprises and organizations in previous years, and the consequent backwardness of the raw materials base and the technical level of manufacture;

—The predominance of production processes involving high levels of energy and raw material consumption and the uncompetitiveness of domestic products on the world and CIS markets;

—Implementation of the mechanisms for rescuing enterprises and making them bankrupt;

—The lack of systems at home and abroad for transporting oil and gas;

—The underdevelopment of the market infrastructure;

—The unreceptiveness of a considerable proportion of enterprise managers to the new economic conditions.

In 1995, gross domestic product is expected to shrink by 13 to 15 percent of the 1994 level.

It is estimated that the state budget deficit will be 3.5 percent of gross domestic product. The deficit will mainly be covered from outside funding and through the issue of securities. Domestic budget funding will take place in limited volumes.

Structural Policy and Investment

The priorities of structural and investment policy [illegible] the medium term prospects are:

—The creation of conditions for developing the republic's export potential: the construction of a pipeline to export oil, the development of the raw material base for the oil extraction industry and the metallurgical sector, the establishment of a unified energy network for Kazakhstan;

—Implementation of programs to save energy, update production capacities in energy-consumptive sectors; and

—Intensification of agricultural production.

Under conditions where investment resources are limited the main objective of structural and investment policy for 1995 is to complete construction work on projects which are essential parts of the energy industry: electricity production, transport (including the transportation of oil and gas) and communications, the processing of agricultural products, and the construction of priority projects which are at least 85 percent built.

In 1995 work will continue, using all available sources of funding, on the following:

—The creation of a unified energy network for Kazakhstan by building electricity transmission lines linking the Northern and Southern energy networks; and the construction and also building Ekibastuz state regional power station No. 2, the Shulbinskaya hydroelectric power station and Almaty thermal and electrical power station No. 2;

—Conducting oil and gas prospecting operations, with subsequent extraction on an own-risk basis;

—Optimum use of coal reserves, stabilizing coal output at the Ekibastuz deposit, expanding production at the Shubarkolskoye and Maybenskoye deposits, gradually taking unprofitable mines in the Karaganda coal basin out of production, and developing and making comprehensive use of minor coal deposits;

—Developing an ore base for the nonferrous metal industry (the Shalkiya mine in Kzyl-Orda Region and the Maleyevskiy mine in East Kazakhstan Region which extract polymetallic ores and lead-zinc ores; the Obukhovskoye deposit in Kokchetau Region and the Shokashskoye deposit in Aktyubinsk Region which contain titanium-bearing ores; and Severnyy Katpar of Dzhezkazgan Region for wolfram ore extraction);

—Reconstructing and re-equipping existing industries (Karmetkombinat [Karaganda metals combine], the Balkhashmed [Balkhash copper] production conglomerate, the Dzhezkazgantsvetmet [Dzhezkazgan nonferrous metals] scientific production association, the Chimkent lead plant and the Ust-Kamenogorsk lead and zink enterprise); and accelerating work to exploit

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the Vasilkovskoye, Bakyrchik, and Akbay gold deposits, principally with funding from enterprises and foreign investment.

The policy of securing access to the international transport routes for Kazakhstan by constructing and rebuilding the republic's external transport connections will be continued.

It is planned to create the conditions for enterprises' internal funds to grow, which will be channeled into further development. This can also be achieved by extending the scale on which privatized enterprises issue secondary shares. The minimum that is needed to do this is to complete the "peak" privatization process in the first half of the year and switch over to financial privatization, create a securities market and stock exchange, and form the relevant legislative foundations.

It is forecast that in 1995, 85 billion tenge from domestic funding sources will be invested in constructing and reconstructing building projects, expanding existing enterprises and re-equipping them.

It is planned to intensify the attraction of foreign investments in 1995. Here particular attention will be paid to preparing proposals on creating a system to provide insurance and guarantees for direct foreign investments, and developing a mechanism for using pledges to attract investment.

If the planned package of measures is implemented, the volume of direct foreign investments and credits attracted into Kazakhstan's economy may come to about 1.3-1.5 billion dollars in 1995.

Production

The relatively low level of inflation which is forecast and the achievement of a macroeconomic balance as a whole will promote stabilization of the financial state of enterprises.

The volume of industrial production this year is forecast at 87 to 90 percent of the 1994 level. The greatest decline in industry is predicted to take place in the ferrous metallurgy, engineering, chemical, timber, and building materials industries due to the backwardness of the raw materials base, the deterioration in mining and geological conditions, the decreased demand for output and the fall in investment in recent years, and the low organizational standards in the production process.

Production volume in the fuel and energy sector is predicted to be slightly higher than the average level for the republic, because of improvements in the use of production capacities and reduced imports of electricity, oil and oil products from the CIS countries.

The proportional contribution which industries in the fuel and energy sector make to total production volume will increase from 40.5 percent in 1994 to 49.2 percent in 1995. The development program for the sector foresees steps to improve the technological basis for production, including reactivation of the Uzen deposit. It is planned to double oil production at the Tengiz deposit. The Karachaganak deposit will also start operating more dynamically.

Substantial investments are to be made to the coal industry in 1995 with the purpose of increasing the mining of the coal types used in energy production. The volume of coking coal which is extracted will be decided by what the demand is from neighboring markets.

The process of shaping regional tariffs and the development of antimonopoly mechanisms to restrict price rises will continue in the electricity industry.

Work to provide financial support for the mining and metallurgical industries will continue in order to consolidate and develop the positive trends of late 1994. To this end, funds will be attracted from the country's banks, and the funding schemes will be changed so that there is no longer a danger of payments crises arising.

Given the anti-inflationary policy which is to be pursued, it is predicted that there will be a decline in agricultural production to the 1994 level.

It is planned to reduce the land area sown with grain to 18 million hectares by discontinuing the cultivation of land with unproductive brown and light-chestnut soils. All of this may lead to the volume of grain output falling to rational volumes.

Foreign Economic Relations

With the object of organizing effective economic cooperation with the CIS countries, it is planned to take part in the activity of the Interstate Economic Committee and in creating a single economic zone for the CIS countries, including the formation of payments and customs unions which will make it possible to conduct free movement of goods, services, capital and manpower, to harmonize economic legislation, to provide mutual convertibility of national currencies and to achieve a trade balance.

Work will continue on setting up industrial finance groups which, through specialization of enterprises, will make it possible to maintain sales markets for domestically-made products and encourage the introduction of progressive new technologies.

The government will make an active contribution to measures to introduce promissory notes into international circulation and in organizing the activity of the CIS Interstate Bank.

This year it is planned to abandon the quota and licensing systems used in foreign trade.

The trading in industrial and agricultural commodities on exchanges will be expanded. Exports of grain, cotton fiber, raw hide, and rolled ferrous metals will be carried out by selling them, or registering the contracts for their sale, on the republic's commodity exchanges. Joint

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banking and customs controls over foreign currency revenue from exports is already being introduced.

It is estimated that as a result of the policy of liberalizing foreign economic activity the volume of export deliveries will rise by 2.4 percent in 1995 and may reach 3.1 billion dollars, which is still substantially lower than the republic's potential. Exports to nonformer Soviet countries ("the far abroad") are expected to rise by 5.3 percent. Deliveries to former Soviet countries ("the near abroad") are expected to remain at their 1994 level.

Commodities from the fuel and energy and metallurgical sectors will remain the main export items, as in previous years.

The total volume of imports may come to about 4.2 billion dollars.

The republic is expected to receive foreign loans of over 500 million dollars in 1995 under existing credit agreements alone. They include funds amounting to more than 320 million dollars which are expected to come from international financial organizations (the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the Asian Development Bank and Japan's Eximbank).

Social Sector

The average annual population in 1995 is estimated at 16,611,000 people, and will fall by one percent against the 1994 figure.

It is forecast that in 1995 the number of officially registered unemployed may grow by 32 percent of the 1994 figure to reach 0.82 percent of labor resources. The total number of people employed in the national economy may fall 1.4 percent, including a 2.7 percent drop in the number employed in state-run enterprises.

In order to regulate the existing social security system steps will be taken to change the existing legislation. Improvements to the social security system will be directed towards ensuring that social support is highly focused.

The state's share in the trade sector will fall to 27 percent, as against the 56 percent share it had in 1993 and the estimated 39 percent share it had in 1994.

Virtually the entire volume of consumer services will be provided in the nonstate sector.

Two basic requirements are needed as the very minimum to come close to the planned parameters for the development of Kazakhstan's economy, and to ensure a stabilization and subsequent upturn in the economy: strict and rigorous execution of decisions made by the president and government of the republic (this needs to be seen as an integral part of this program of measures), and constructive cooperation by all branches of power. Only thus can success be achieved.

Coal Trade Union Committee Calls Off Strike

LD1002110195 Almaty Kazakh Radio Network in Russian 0700 GMT 10 Feb 95

[FBIS Translated Text] On 9 February, a plenum held by the central trade union committee of workers in the coal industry decided to halt the strike of miners. This is due to the fact that the majority of coal mining enterprises have shown their willingness to resume full coal mining operations and undertake preparatory work and supply fuel to consumers.

Oil Transportation Issue Seen as Deterrent

954K1251A Almaty PANORAMA in Russian No 5, 4 Feb 94 p 5

[Interview with Keltip Shanenov, president of the Akbota State Holding Company, by Muzafar Gabdullin in Atyrau; date not given: "Western Oil Companies Do Not Intend To Engage in Financial Activity as Long as the Question of Oil Transportation Remains Unresolved"]

[FBIS Translated Text] Questions from PANORAMA are answered by the president of the Atyrau Akbota State Holding Company, Keltip Shanenov.

[Gabdullin] Mr. Shanenov, what are the priorities in the activity of the Akbota holding company?

[Shanenov] The main task of the Akbota State Holding Company, which was founded in November 1993, is geological prospecting work for discovering oil and gas deposits on a competitive and extraterritorial basis, both with funds from the state budget and with nonbudget revenues.

[Gabdullin] Keltip Magropovich, you have probably already totaled up the results of the company's activity last year.

[Shanenov] In 1994 the Akbota State Holding Company conducted geological prospecting work on prospective areas in Kobyakovskaya, Alga, Karachungul, and Bukhon, financed with investment funds of the joint venture Kazakhturkmunay Ltd., and also with budget funds on the areas of Sazankurak, Matken, Kemerkol, and Kozha Yuzhnyy. From these two sources of financing, geological prospecting work was done for a total of more than 102,000 tenge. More than 25,800 meters of deep drilling was done. The productive time amounted to 86 percent, and there was an additional increase in oil reserves at the areas of Sazankurak and Kemerkol-Kozha.

The volume of investment (Turkish) funds for 1994 amounted to 51 percent of the overall quantity of allocations for geological prospecting work. In order to attract investments for exploration, prospecting, and development of deposits of oil and gas, the company is conducting negotiations with the foreign firms Snou

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Leonard, Pan Canadian, Oman Oil Company, Daylmann Erdoyl Erdgaz [as transliterated] (DEE), and others.

But the Western oil companies will not engage in any large-scale financial activity, since it obvious that until the problem of the export pipeline is solved, there can be no question of significant production. Therefore, they are spending only the minimum amount of money, enough to demonstrate activity and take over the most promising areas and hold them.

[Gabdullin] Mr. Shanenov, does state financing satisfy the company's needs?

[Shanenov] One of the main problems is still the late and inadequate volume of budget financing within the limits of the state order. The volume of allocations from the Republic Fund for Reproduction of Mineral-Raw Material Resources for 1994, taking inflation into account, was enough for nine months of work, as a result of which work on several highly promising structures remained incomplete.

In order to preserve the drilling brigades and highly skilled workers and engineering and technical personnel, the company has begun to work with oil and gas production enterprises and jobs under direct contracts for drilling of exploration wells and capital repair on wells.

[Gabdullin] The opinion is expressed that the existence of independent geological prospecting holding companies is economically inexpedient.

[Shanenov] Since most of the profit is formed during the stage of processing the discovered and then extracted hydrocarbon raw material, it is legislatively planned to stimulate integration into a financial-industrial group of enterprises of an oil and gas enterprise with the participation of its own commercial investment bank according to the model schema: geological prospecting + extraction + processing + marketing of products + investment banking.

All this would lead to the formation of a powerful alliance of professional specialized enterprises of the oil and gas complex and the geology branch with common interests, where a normal investment- credit process could develop, where processing would be interested in extraction, extraction in exploration, and prospecting in the growth of new reserves for stabilizing and raising the level of oil production.

The creation of our own investment bank would make it possible to concentrate available financial resources, invest them in priority areas, effectively reveal and utilize temporarily free funds, and accumulate and increase capital through conducting credit operations, selling securities, and attracting deposits and investments from foreign firms.

[Gabdullin] How is it planned to stimulate investments in the geological prospecting branch?

[Shanenov] Beginning in 1995, geological prospecting work will be done under direct agreements with oil and gas production companies and other interested clients, since the new tax code does not provide for reimbursement of costs of geological prospecting work for reproduction of the mineral-raw material base. This requires an efficient mechanism of state regulation in order to prevent a sharp reduction of the volumes of geological prospecting work resulting from the difficult financial position of the oil and gas production enterprises themselves.

Therefore, the production enterprises must be made responsible for direct financing of geological prospecting work, and the sum of consumption funds for financing should be transferred to the account for payment of stakes. The unutilized residual funds from the amount of stakes due should be transferred to the reproduction fund and be used through the Ministry of Geology for additional financing of geological prospecting work.

During the first two or three years, this mechanism is necessary also because production enterprises are supplied with known reserves for the next few years and will not voluntarily finance geological prospecting work and will use all of their revenues for wages, the acquisition of MTR [expansion not indicated], and support of the social infrastructure.

[Gabdullin] Does it not seem to you that the production enterprises have a cool attitude toward mandatory financing of geological prospecting work?

[Shanenov] The process of budget financing of geological prospecting work must be gradual and be accompanied by the introduction of incentive factors aimed at encouraging direct financing of geological prospecting work out of profit and exemption from taxes on these funds.

The work done within the framework of the national program for destatization and privatization work for the creation of joint-stock companies in the geological branch has not yet reached its earmarked objectives. The process of the creation of joint-stock companies through investment funds is being significantly delayed and could last for considerably more time, during which the enterprises will liquidate themselves. Since our stocks are already being offered by investment funds for sale at a cost several times greater than the face value, geological collectives are unable to buy them. At the same time, there is no confidence that the stocks in geological companies will be popular in the republic.

We think that it is necessary to grant all companies the right to independently dispose of property and to permit collectives of joint-stock companies to buy from the State Committee for Management of State Property, bypassing the investment funds, shares (up to 51 percent) at face value with up to five years to pay for them. Some of the stocks could remain as the state share (up to 35 percent); the rest of the stocks (except 10 percent which are preferred stocks) could be sold to potential

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foreign partners and the money earned could be turned over to the companies for the development of production.

Parliament Considers Future of Nuclear Power

LD1002104195 Almaty PANORAMA in Russian 4 Feb 95 p 2

[FBIS Translated Text] Extended parliamentary hearings, with the participation of four committees on the problems of the nuclear scientific and industrial complex of the Republic of Kazakhstan, and on the condition and prospects of interstate cooperation in the sphere of nuclear energy took place on 31 January. They were chaired by Uzakpay Karamanov, the chairman of the parliamentary committee on ecology and utilization of natural resources. The heads of involved ministries and departments and representatives of public organizations were invited to the meeting. The fact that instead of the planned two hours the hearings lasted until late in the evening speaks of the importance of the issue on the agenda. The chairman made many diplomatic efforts to muffle the attempts of certain speakers to contrast the problem of the development of the republic's nuclear power complex with the protection of citizens' rights living in ecological disaster zones.

The report by Vladimir Shkolnik, the minister of science and new technologies consisted of four sections. The minister described the republican uranium extracting industry as promising. Eighty percent of nuclear fuel for enterprises of CIS countries is provided by Kazakhstan's major Ulbinskiy metallurgical plant. Currently, five nuclear reactors are operating on the territory of Kazakhstan. A quick neutron reactor is situated in Aktau, the other four experimental nuclear installations are in Semipalatinsk and Almaty.

Shkolnik noted that the Kazakh nuclear complex is closely connected with Russia. A number of agreements such as cooperation in the field of the peaceful use of nuclear power, the transportation of nuclear materials, and elimination of the consequences of nuclear tests in the Republic of Kazakhstan were signed recently. One more agreement, on cooperation and mutual payments for the utilization of nuclear materials from the missile warheads was added to this list a few days ago.

The minister reported the establishment of an international scientific and technical center with its headquarters in Moscow. It is aimed at preventing the leak of nuclear technologies and the migration of nuclear specialists. In line with this $11 million will be allotted to Kazakhstan from its fund, which has capital worth $70 million. According to Shkolnik it is extremely important that this money should not be taxed [e minister requested the Supreme Council deputies to take into account this possibility during the process of developing the new tax legislation].

Shkolnik shared information about close cooperation with foreign countries. The U.S. commission for nuclear regulation is rendering great assistance in the legal examinations of normative acts and a large number of Kazakh nuclear specialists have gone to Great Britain for training. A contract worth $160,000 has been drawn up with the U.S. agency for nuclear research for studying the radio-ecological situation at the Semipalatinsk test-site.

The minister reported that a draft concept for the development of nuclear power in the Republic of Kazakhstan has been worked out at the order of the Ministry of Power Engineering with the participation of the atomic energy agency. The document has two versions. If the maximum program is adopted then it is planned by 2003 to put into operation 18-20 hectowatts of nuclear capacity. The minimum program envisages only four-six hectowatts.

Shkolnik noted with satisfaction the fact that the Kazakh Parliament was the first among the CIS countries to ratify the START I Treaty and to join the agreement on the nonproliferation of nuclear weapons. Together with this the minister expressed concern about various obstacles that hinder the further development of the nuclear industry complex. "We simply do not have the right to lose it, this is a great thing for our republic," Shkolnik said. Kazakhstan has not worked out a single concept for the development of nuclear power. In the minister's opinion the effectiveness of its development directly depends on the adoption of a whole group of legislative acts. A single state system for registering and controlling nuclear materials and nuclear exports and a system of issuing licences for all stages of functioning of nuclear power must be established.

When asked how many legal radioactive waste storage centers there are on the territory of Kazakhstan, Shkolnik answered that currently not a single storage center has been set up.

In his speech Ergali Bayadilov, the director general of the Kazakh nuclear power agency, spoke about establishing a system of physical protection of nuclear materials and export controls. According to him this process will be finished by the middle of the current year. Bayadilov said that the International Atomic Energy Agency [IAEA] plans to render Kazakhstan financial aid worth $800,000. An agreement between Kazakhstan and the IAEA on the guarantees in connection with Kazakhstan's joining the agreement on the nonproliferation of nuclear weapons has already been signed. Four national and one regional projects have been planned for 1995 [the latter proposes the creation of basic normative acts with the participation of Uzbekistan and Kyrgyzstan, the IAEA will allot $240,000 to implement it]. There is an idea of establishing an international center for nuclear issues within the framework of the CIS. Also, in Almaty on 8 to 12 April there will be a consultative meeting with the participation of five countries [Russia, Kazakhstan, Belarus, Ukraine, and Armenia] organized by the European Community.

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Gadlet Batyrbekov, the director general of the national nuclear center, told the participants about the implementation of the republican scientific special-purpose program for radio-ecological research. Important results have been received, in particular in defining the concentration of strontium, plutonium, and rodonium. Meanwhile the Semipalatinsk test-site has not been sufficiently studied. According to Batyrbekov the test-site "is a good laboratory that allows us to answer the question of what the testing of nuclear weapons brings in its wake."

Answering a question about the fate of the 108-K adit where intact nuclear warheads are still being kept, Batyrbekov assured those present that disassembly work has already begun and will be finished in March-April this year.

An interesting speech was delivered by Viktor Yazikov, the president of the national joint-stock company for the nuclear power industry. The fact that the uranium extracting industry is currently in such a difficult situation, Yazikov thinks, is due to the fact that at the end of the 1980's the USSR yielded to the fashionable idea of conversion. If before 1986 in Kazakhstan there were 12 uranium mining departments then now there only five. In the opinion of the president of the joint-stock company for the nuclear power industry, the policy of complete conversion brings only harm because the demand for natural uranium will only be increased in future. Incidentally, the republic's uranium resources make up 25 percent of world reserves.

Yazikov thinks that the time has come to revise the idea of burying radioactive waste. In his opinion one should not confuse heat-engineering waste and radioactive waste [throughout the world uranium is not a radioactive waste].

Summing up the parliamentary hearings its participants agreed on the necessity of creating a single concept for the development of Kazakhstan's nuclear power industry.

Mangistau Engineer Calls Fire Report Error

954F1262A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 7 Feb 95 p 1

[Interview with Petr Isaakovich Nazarenko, chief engineer of the Mangistau energy combine, by Olga Kovalenko, KAZAKHSTANSKAYA PRAVDA; place and date not given: "Mangistau Energy Combine: There Was No Fire at the Atomic Power Station"]

[FBIS Translated Text] **Some of the mass media have reported that a fire allegedly took place at the atomic power station in Mangistau. Here is what was said in this regard by Petr Isaakovich Nazarenko, chief engineer of the Mangistau energy combine, of which the atomic power station is a part.**

"The 'wave' in the press evidently originated with our public relations council, which gave this information to the local mass media: 'During a test run on 23 December of the GTsN-8 (the main circulating pump), after the driving engine was replaced about 20 liters of oil poured through a crack that had formed in a breakdown of the joint of the pump bearing pulse tube. The spilled oil partly seeped into the thermal insulation of the pump tank. The timely action of the personnel of BN-350 and the fire station prevented a possible fire. Unfortunately, our people here committed a regrettable inaccuracy—there was no breakdown in the pulse tube joint, and there could not be. There was the usual normal welded joint, which in the process of preventive maintenance work cracked while the pump was being balanced. About 20 liters of oil escaped through this crack. As is supposed to be done in any 'irregular' situation, firemen were called to the shop, and the flow was eliminated during their presence."

[Kovalenko] Nevertheless, Petr Isaakovich, how reliable is the technical equipment of the combine and the atomic reactor system? As is known, BN-350 was scheduled at the very beginning for 20 years of operation, and this time has already expired...

[Nazarenko] Yes indeed. BN-350 has already been operating for 22 years. We were given authorization for this by a special commission consisting of representatives of the chief planner, the chief designer, and the chief scientific consultant of our reactor—all are prominent scientific research institutes of the Russian Federation that even now, according to an agreement between Russia and Kazakhstan, are continuing designer follow-on supervision over the Mangistau station. Last year, after analyzing of the reactor's systems and convinced of the reliable operation and quality of the equipment metal, the commission gave us the "OK" for another year. In July 1995, members of the commission will once again come to Aktau in order to decide the fate of BN-350. Incidentally, after the report of the incident in Mangistau got into the mass media I received several dozen calls—from our curators and almost all the atomic power stations of Russia. Everyone asked what had happened. Frankly speaking, this made me glad: We have not been forgotten, and people are concerned about us and ready to help.

[Kovalenko] It is no secret that the Mangistau energy combine lost a large number of skilled specialists who left the republic...

[Nazarenko] Unfortunately, you are right. However, the basic backbone remains: shift chiefs, control systems engineers, and foremen. Although there is no hiding the fact that those who remain simply had no place to go—after all, it is well known that the situation in Russian atomic power engineering is somewhat better than ours, and people go for months without receiving pay. But if in this sense things turn for the better in Russia, I am not confident that we will be able to keep

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our personnel. In this case, and I want to emphasize this especially, we will be forced to shut down the reactor—no one will take the risk of operating a nuclear facility with untrained personnel, or one that is not fully manned.

Kyrgyzstan

EC Partnership, Cooperation Agreement Signed

LD1002053095 Moscow ITAR-TASS World Service in Russian 2050 GMT 9 Feb 95

[By ITAR-TASS correspondent Aleksandr Mineyev]

[FBIS Translated Text] Brussels, 9 Feb—The European Union and Kyrgyzstan signed a 10-year partnership and cooperation agreement in Brussels on Thursday [9 February]. Previously, the 1989 agreement with the former Soviet Union had applied to the EC's relations with that republic.

The document makes provision for EC assistance for economic reform in Kyrgyzstan and also for political dialogue in order to strengthen stability in the region. To that end, a cooperation council [sovet sotrudnichestva] is to be set up, and it will meet at least once a year at the ministerial level. Like other similar EC agreements with former Soviet republics, the document contains articles on its possible suspension if one of the parties fails to observe human rights or the principles of a market economy.

Russian Diaspora Wooed in Parliamentary Elections

MM0902132795 Moscow ROSSIYSKAYA GAZETA in Russian 9 Feb 95 First Edition p 7

[Report by Vladimir Berezovskiy: "Look, All Familiar Faces. Country's Well-Known Politicians 'Shove' Everyone Aside in First Round of Kyrgyz Parliamentary Elections"]

[FBIS Translated Text] Bishkek-Tashkent—Only 13 out of 105 deputies were named by the first round of elections to the Kyrgyz bicameral parliament last Sunday [5 February]. Some 1,400 contenders took the start line at once. And politicians well known in the country confidently "shoved" everyone else aside in this incredible scrimmage, where on some occasions there were 25 people lusting after the deputy's mandate in a single okrug. For instance, Kyrgyzstan's former leaders T. Usubaliyev and A. Masaliyev and recent Vice Premier O. Matabraimov. The well-known writer Chingiz Aytmatov, now Kyrgyzstan's ambassador to Belgium, who is tipped for president, won with ease. Admittedly, the Central Electoral Commission had to "ignore" breaches of the Constitution which requires a candidate deputy to have lived in his homeland for the last five years. As you know, the writer of "The Executioner's Block" has lived in Europe for several years now.

The elections in Kyrgyzstan were held under the supervision of dozens of international observers, who deemed them entirely democratic.

In the fight for votes the Kyrgyz candidates all took "Russian" slogans on board. They virtually all promised to stop the migration of Slavs, put an end to vulgar nationalism, and give the Russian language official status. Former Speaker M. Sherimkulov, under whose leadership the discriminatory language law was originally adopted, stated on local television that "all Kyrgyz know and love the Russian language and have grown up under the influence of Russian culture."

Kyrgyzstan's Slav diaspora regrettably failed to show in any real sense. Over 200,000 Russians who found themselves extremely alienated and passive have left the mountain country over the last few years. There were only 60 ethnic Russians among the candidate deputies, and only a few of those have made it any further.

There is every indication that the battle among the contenders will be even more acute during the second round of the elections scheduled to take place 19 February.

Tajikistan

World Community Lacks Interest in Tajik Settlement

LD0902184495 Moscow INTERFAX in English 1613 GMT 9 Feb 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] ALMATY, Feb 8 (Interfax)—Kyrgyzstan's Foreign Minister Roza Otunbayeva believes that a lack of attention to Tajikistan displayed by the world community, particularly by the UN and the OSCE, makes it impossible to resolve the conflict there.

The situation on the Afghan-Tajik border will be discussed at the CIS summit to be held in the capital of Kazakhstan, in whose framework the CIS Foreign Ministers Council will convene for a session on February 9, she told Interfax in Almaty.

As Otunbayeva said, the accent will be laid on the need to consolidate the endeavors of Russia, Tajikistan, Uzbekistan, Kyrgyzstan and Kazakhstan. "Our goal is to attract the world community's attention to the situation in and around Tajikistan, and press for including this issue in the agenda of UN sessions," she said.

Otunbayeva believes that the CIS peacekeeping forces stationed in Tajikistan should be given the status of UN forces. "Only active UN participation, not its silent scrutiny of the processes taking place in and around Tajikistan, can play a decisive role in the efforts to end the bloodshed there," she pointed out.

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"The Tajik knot must not be viewed separately from a settlement in Afghanistan," said the head of Kyrgyz diplomacy. "This requires the participation of many countries," she added.

The OSCE must also pay greater attention to the search for a settlement in Tajikistan," she stressed.

There is some discord in the stands taken by the four CIS countries directly involved in the process of establishing peace in Tajikistan, Otunbayeva conceded. "Unlike Bishkek, Moscow and Almaty, Tashkent stands for postponing the parliamentary elections to be held in Tajikistan on February 26 in order to focus on the search for ways to reach accord between the conflicting sides," she said.

According to Otunbayeva, "even though Kyrgyzstan is the closest neighbor of Tajikistan, it should exercise restraint, not become utterly absorbed in Tajik affairs." "This is fraught with dangers Kyrgyzstan ought to avoid," she explained.

Opposition Sets Conditions for Talks

LD0902165195 Moscow INTERFAX in English 1431 GMT 9 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 9 (Interfax)—The Tajik opposition is ready for the fourth round of talks in Moscow, if Dushanbe and Russia "correct their mistakes". In this case its negotiators are ready to come to Moscow the very next day the deputy chairman of the Islamic Renaissance Movement Akbar Turajonzoda told Interfax Thursday [9 February].

He stressed that Russian border guards should recognize the ceasefire agreement on the Tajik-Afghan border signed by the Tajik opposition and government in Tehran on September 17.

The opposition leader said the Russian military should also remove their posts the from Kalaikhum-Khorog road (Gorno-Badakhshan, East Tajikistan) and return the arms captured from opposition stores in Badakhshan. Dushanbe should recall its troops sent to Badakhsan in violation of the agreement banning troop movements and military exercises during the ceasefire.

The fourth round of talks should discuss the future system of government in Tajikistan and a peace settlement, Turajonzoda said. "But if one of the sides does not stand by signed agreements, talks loose all sense," he felt.

"There is no alternative to a peaceful settlement of the Tajik conflict, and the Russian stand is very important for it," the leader said.

Opposition Group Leader Killed Resisting Arrest

LD1002093995 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 10 Feb 95

[FBIS Translated Text] Today the press center of the republic's Interior Ministry reported that yesterday [9 February] Mirzoahmad Tabarov, one of the leaders of an opposition group, was arrested in the village of Qisil Buloq, Kafirniganskiy district. He was fully armed. Tabarov put up resistance to the Interior Ministry officers and was killed. Ammunition, three Kalashnikov submachine-guns, and a grenade were confiscated.

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Armenia

President, Others Leave for CIS Summit in Almaty

NC0902164195 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 9 Feb 95

[FBIS Translated Text] An Armenian Government delegation headed by President Levon Ter-Petrosyan and Prime Minister Hrand Bagratyan left for Almaty today to take part in the regular summit meeting of the heads of state and government of CIS countries scheduled to open tomorrow.

Deputy Prime Minister Vigen Chitechyan, State Minister Vazgen Sargisyan, representatives of the presidential and government staff, deputy foreign and justice ministers, and other officials are included in the delegation.

The agenda of the meeting of the Council of Heads of State includes the (?pact) on maintaining peace and stability in the CIS, an agreement on the concept of guarding CIS countries' external borders with the border troops of the member countries, a treaty on cooperation in protecting the external borders, a (?precise) protocol on collective peace-keeping forces and joint measures for providing material and technical means for these forces, foundations for the customs legislation, coordinated measures for restoring and preserving a common scientific area within the CIS framework, an address to the peoples of the CIS countries and the international public on the occasion of the 50th anniversary of victory over fascism, and a number of other items [words indistinct].

A broad package of general economic issues is expected to be discussed by the heads of government of CIS states.

In addition, scores of organizational [words indistinct] matters relating to the Collective Security Council will also be discussed at the suggestion of the foreign and defense ministers councils.

Karabakh Official on Conditions for Dialogue Success

NC0902141695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0810 GMT 9 Feb 95

[FBIS Transcribed Text] Stepanakert ("AZG" daily), 02/09/95—Concerning the regular stage of negotiations in Moscow about the Mountainous Karabakh conflict, head of the RMK [Republic of Mountainous Karabakh] Foreign Ministry International Organizations Department Masis Mayilyan said that the dialogue between the RMK and Azerbaijan can only be successful if the Azeri command recognizes the current condition in the region and provides a realistic approach to the peace process.

The situation is, that Mountainous Karabakh is one of the basic sides of the conflict, and has been recognized as such by both OSCE and Russia. Unfortunately, this has been denied by Baku so far. According to Mr. Mayilyan, such a harsh approach of Azerbaijan seems rather strange, considering the facts when the Azeri officials have, in fact, recognized Mountainous Karabakh as a full side of the conflict numerous times, and signed several important documents with the representatives of Karabakh.

"Concerning our approach to the negotiations in Moscow, the position of Mountainous Karabakh remains unchanged. That is, we believe that all political conflicts should be settled in the general background of political resolution of crisis", Mr. Mayilyan concluded.

Prosecutor Searches ARF Central Committee Office

NC1002053495 Yerevan NOYAN TAPAN in English 0941 GMT 9 Feb 95

[FBIS Transcribed Text] 2/9/95 (NOYAN TAPAN)—On February 8, the investigatory group of the Armenian Prosecutor's Office made an investigation of the safes at the premises of the ARF [Armenian Revolutionary Federation] Central Committee, hoping to find additional information. A group of officers of the Interior Ministry (IM) and State National Security Department (SNSD) was present during the search. The officers of the Prosecutor's Office offered that the ARF member to the Supreme Council Garnik Isaghulyan be also present there. However, the latter reminded that on the night of February 29, when a search of the office with breaking in the doors and cupboards was carried out, his suggestion to be present as a representative of ARF faction was rejected. Isaghulian also reported that beginning from December 28, 1994 the SNSD and IM officers have been bossing at the office and "thus, nobody but they can be aware of what is there within the safes and my presence is senseless".

The member of the Council of the Union of "Constitutional Right" Karen Vardanyan, who was present at the search as a witness, reported that the investigatory group opened the sealed up doors and, having made the search, again sealed them up. It was pointed out in the protocol of the group that the doors of 6 safes have been opened and no new materials have been found. Vardanyan added his remark, concerning the broken safes, in the protocol.

Christian Democrats See Bloc's Success

954F1260A Yerevan RESPUBLIKA ARMENIYA in Russian 4 Feb 95 p 1

[Unattributed article: "Unification Leads to Success"]

[FBIS Translated Text] "Having joined our efforts, we will achieve greater success than we would separately"—stated Christian Democratic Union leader Azat Arshakyan in explaining the reason behind his decision to join a preelection bloc with parties participating in the interparty conference. "The parties that have joined together in the bloc share common goals directed

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towards the social development and democratization of Armenia. This will prompt us all to cooperate both right now and during the conduct of work to be done by the parliament." In addition, according to Azat Arshakyan, the unification will help eliminate competition among parties that harms the democratic movement overall, and will rid us of the influence of mafia structures and other influential forces during elections. The Christian Democratic Union leader believes that another factor of no small significance prompting them to take this step is the lack of financial and material-technical assets necessary for participation in an election campaign.

An ARMENPRESS correspondent inquired as to the truth of rumors being spread by the opposition to the effect that the AOD [Armenian National Movement] was requiring absolute obedience on the part of bloc members and restricting their independence, and that this was causing intraparty clashes and discord. To this Mr. Arshakyan replied that integration always envisions certain restrictions and concessions necessary to enable joint action. As far as clashes are concerned, there have not been any as such to date. "We are adhering to the gentleman's rule—do no harm. We try to refrain from actions which might lead to a partner's detriment. If someone does not like the rules, he can calmly leave the bloc at any time—in the same way, incidentally, that he can join it. If someone feels any encroachment upon his rights and interests, he can leave straightaway. The allegation of restricted freedom is absurd. All parties in the bloc are interested in cooperation and have voluntarily joined together in their efforts."

Azerbaijan

Russian Foreign Ministry on Key Issues in Talks

NC0902135495 Baku TURAN in English 0850 GMT 9 Feb 95

[FBIS Transcribed Text] Moscow (February 6) [dateline as received] TURAN—Today the negotiations on the settling the Armenian-Azeri conflict with the mediation of Sweden and Russia, the representatives of which are the co—chairmen of the OSCE Minsk conference are resumed, according to the Information Department in the Russian Foreign Ministry.

It became aware from the diplomatic sources in Moscow that the an agreed basis of the negotiations, worked out during the visit of the representatives co-chairmen of the OSCE Minsk Conference Anders Bjorner and Vladimir Kazimirov will be represented to the parties. The key issue on the negotiations will be the problem of Shusha and Lachin.

However according to one of Baku's diplomats the parties will be represented at the negotiations in conformity with the mandate of the CSCE dated 24 March 1992. According to this mandate Armenia and Azerbaijan are the parties involved into the conflict, the Azeri and the Armenian communities of Nagorno-Karabakh are the interested parties.

A State Adviser for the Foreign Political Issues Vafa Guluzade and the Deputy Foreign Minister of Azerbaijan Tofik Zulfugarov will take part at the negotiations. The Azeri community of Nagorno-Karabakh will be represented by the Chief Executive of Shusha Nizami Bahmanov.

According to well-informed sources Azerbaijan has already stated its opinion regarding the proposals of the OSCE Minsk group on the problem of Shusha and Lachin. "There are some interesting moments in those proposals but Azerbaijan cannot agree with some of them yet," TURAN was told by the informed source in the government.

Aliyev Stresses Strategic Ties to Russian Ambassador

NC0902193195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 0600 GMT 9 Feb 95

[FBIS Translated Text] Yesterday President Geydar Aliyev received Russian Ambassador to Azerbaijan Valter Shonia and stated that the Azerbaijani leadership attributes exceptional importance to the development and reshaping of relations with Russia. This is an important part of our foreign policy. President Geydar Aliyev also noted that the Azerbaijan-Russian friendship is of strategic importance, and the centuries-old mutual relations between the two neighboring peoples rest on a solid foundation.

Chechnya Fighting Cuts Telecommunications to Outside World

NC0902211695 Baku TURAN in English 1221 GMT 9 Feb 95

[FBIS Transcribed Text] Baku, February 9 (TURAN)—For three days telephone and telex communication of Azerbaijan with outer world is suspended.

As the employee of the Department for International Communication in the Ministry of Communication, Hazratgulu Mamedov, told TURAN, the telephone cable through the territory of Chechnya near Gudermes is put out of action due to bombardments.

Only the telephones with satellite communication work.

The Senior Engineer of "Aztelecom", Razi Tagiyev, told TURAN that the works for laying of the communication line through the territory of the neighbouring republics are being conducted.

Today the telephone communication of Azerbaijan through the territory of Georgia is partially resumed.

Oil Talks With Turkey, Companies Detailed

NC0902154195 Baku TURAN in English 0851 GMT 9 Feb 95

[FBIS Transcribed Text] Baku, February 6 (TURAN)—Late on Saturday [4 February] the President Geydar

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Aliyev met with the delegation of Turkish energetics headed by the Minister of Energy of the country Veysel Atasoy. Greeting the guests the President said that Turkey's Prime-Minister Tansu Ciller phoned him and briefed about the visit of Turkish delegation. "She told me that you are going to discuss with us the share participation of the 'Turkish Petrol' company in the oil consortium and the issues concerning the route of the oil pipeline," said Aliyev. The President briefed the guests on the work of the Steering Committee of the Azeri oil consortium. Later on the guests asked to conduct the negotiations without the journalists.

According to well-informed source in SOCAR [Azerbaijan National Oil Company] Turkey asked to increase its share participation in the consortium from 1.75% to 5%. Besides, the representative of Ankara expressed his wish that the route of the pipeline pass through the territory of Turkey. They talked also about the participation of the Turkish firms in the development of new oil fields in the Caspian Sea.

The next day, on Sunday the President of Azerbaijan Geydar Aliyev met with the Director-Manager of the oil-giant "Royal Dutch/Shell" Mr. Mark Moudi-Stewart. (It is already a second visit of Mr. Moudi-Stewart to Baku over the past two months and it was his second meeting with Geydar Aliyev.)

During the conversation Geydar Aliyev told that Azerbaijan was ready to cooperate with the leading companies of the world under the condition if they forward beneficial proposals. "I am aware that you are interested in the share of Azerbaijan in the oil contract with the western consortium," noted Aliyev. The President warned that the capacities of Azerbaijan are limited. "We will choose as there also the other pretendant to that share," said he. According to Geydar Aliyev Azerbaijan was ready to cooperate on the other undeveloped oil fields which did not enter the contract.

Mark Moudi-Stewart noted that "the concern 'Shell' has been studying the indices presented by SOCAR. According to him on 6 February the technical specialists of the concern will arrive in Baku. "Our concern is ready to enter the consortium on the development the 'Azeri', 'Chirag' and 'Guneshli' fields as well as the other oil fields," noted he. Concerning the route of the pipeline Mark Moudi-Stewart said that 'Shell' preferred the route of the pipeline to pass in the southern direction. Earlier "Shell" offered to accept the Azerbaijan's share in the "contract of the century" in exchange for the financing of that share and the immediate commencement of the works on the contract. They mean 15% of the whole share in the contract.

The high-ranking employee in SOCAR did not exclude the possibility of passing the 5% of the Azerbaijan's share to a new participant of the consortium. At the same time he noted that "Azerbaijan is going to keep to itself no less than 10% of the share in the consortium."

The arrival in Baku of one of the heads of "Mobil" company is expected today. There is no doubt that the purpose of the visit is the same—the participation of the company in the consortium.

According to the informed sources in SOCAR the visits of the representatives of some other leading oil companies are also expected in the near future. Thus, [item incomplete as received]

Shell Official Meets Aliyev, Welcomes Iran to Consortium

NC1002053095 Baku TURAN in English 1220 GMT 9 Feb 95

[FBIS Transcribed Text] Baku, February 9 (TURAN)—Shell company is interested in joint work with the Azeri gas industry as well as in that SOCAR's [State Oil Company of Azerbaijan] share in the oil consortium, which it intends to sell or to assign to any other foreign company, the head of the representation of the Shell International Petroleum Company in Azerbaijan, Peer Ulvevadet, said.

During the meeting with President Aliyev he said that the company has presented its concrete proposals on this issue. "Now, unfortunately, I cannot give an account of those proposals since they are being considered by the Azeri party and can serve the base for the negotiations".

However, he mentioned that President Aliyev quickly understood the essence of those proposals and instructed the leadership of SOCAR and Shell to discuss the technical aspects of the proposals with much details.

"On February 6 the technical specialists of the company met with the representatives of SOCAR and we think that the next meetings will take place this week", Ulvevadet said.

Asking whether Shell will participate in the tender for development of the part the Guneshli oil-field, which is not included in the consortium, the head of the representation said that Shell is interested in that and it can take part in the tender.

Touching upon the issue on the most advantageous route of the oil pipeline for Shell company, the head of the representation said that the company takes neutral position to the route of the oil pipeline. He also added that "we have no problems and if the route is through Iran, we will assist to lay it. We have good relations with Iran and if the route of the oil pipeline through Iran is the most advantageous, that will be advantageous for us too".

The head of the representation also said that if Iran will participate in the oil consortium, it is not a problem for Shell. "We think it's quite natural: laying of the oil pipeline through Iran's territory and Iran's participation in the oil consortium", Ulvevadet said.

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Georgia

World Bank To Give $20 Million Credit for Health Service

LD0902205595 Tbilisi CONTACT INFORMATION AGENCY in Russian 1730 GMT 9 Feb 95

[FBIS Translated Text] Tbilisi.—Head of the Georgian State Eduard Shevardnadze today received James Harrison, the head of the World Bank's Health Department, and the experts accompanying him, who are working on a joint health project to set up allotments to relevant ministries a credit of 20 million dollars over a 30-year period. The Japanese Fund for Development has earmarked a sum of $616,000 for the preparation of the above project.

Head of State Eduard Shevardnadze spoke about the implementation of reforms in health service, and stressed the significance of support by the international financial and humanitarian organizations.

Foreign Debt Estimated at $1 Billion

LD1002101595 Tbilisi SAKINFORM in Russian 2140 GMT 9 Feb 95

[FBIS Translated Text] [no date as received] According to calculations of experts, Georgia's foreign debt, received in the form of a credit over the last three years, equals nearly $1 billion. The humanitarian aid, which the republic has received over the same period of time, is also worth 1$ billion.

Georgian-Abkhazian Talks in Geneva Head for Compromise

LD0902183595 Moscow ITAR-TASS in English 1633 GMT 9 Feb 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Transcribed Text] Geneva February 9 TASS—The first glimpses of hope for a compromise have appeared at the talks on the settlement of the Georgian-Abkhaz conflict which began in Geneva on Tuesday [7 February].

Sources close to the participants in the talks told ITAR-TASS that late on Wednesday and early on Thursday the negotiators succeeded in reaching accord on a number of provisions of the proposed agreement on a single union state and thus made headway towards the solution of the acute problem of Abkhazia's future political status.

This problem has been blocking progress in the talks which have lasted for close to eighteen months. The basis for rapprochement was provided by the latest proposals made by the mediators from Russia and the United Nations.

Experts believe that the points on which the delegations have agreed can become the first "construction blocks" which will be used to build in the perspective the constitutional building of a common Georgian-Abkhaz house.

According to experts, these provisions combine elements of both federative and confederative systems for the country.

ITAR-TASS learned that the proposals made by the mediators concern the creation of "a federal legislature" which will operate within the framework of powers agreed by the sides. Its decisions must be binding on the entire territory of the union.

It has been agreed that the spheres of joint activity should cover foreign policy and foreign economic relations, border and customs services, federal taxes, energy, transport, communications, ecology, and human rights.

It is surmised that decisions of the federal legislature on matters of immediate concern for Abkhazia will go into effect only if approved by the Abkhaz majority required for the adoption of respective resolutions.

One of the experts told ITAR-TASS that the attained accord inspires the hope that dialogue will progress but it is too early to say that all problems have been solved. Insurmountable obstacles are likely to arise when the powers of the federal bodies of state authority and of the local governments come up for discussion. Abkhazia thinks that Georgia and Abkhazia should be equal within the union.

Shifts towards a compromise were achieved in the course of the current round of talks due to a considerable degree to the influence of the tragic developments in Chechnya.

The United Nations and Russia reiterated firmly in Geneva that they proceeded from recognizing Georgia's territorial integrity within its internationally recognised borders and called on the sides to seek accord on the basis of this reality.

Along with the question about Abkhazia's political status, the two delegations in Geneva are discussing the return of refugees.

Talks are expected to wind up on Friday. The mediators do not rule out that a joint communiques may be adopted.

Calls For Repatriation of Refugees

LD1002095495 Moscow ITAR-TASS in English 0927 GMT 10 Feb 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Transcribed Text] Geneva February 10 TASS—"The delayed repatriation of refugees from Abkhazia may seriously aggravate the situation in the Georgian-Abkhazian conflict zone," Georgian parliament member Dzhaba Ioseliani, leader of the Georgian delegation to the Geneva talks on the settlement of the Georgian-Abkhazian conflict, told ITAR-TASS here today. His

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Abkhazian counterpart at the negotiations—Sokrat Dzhindzholia—told ITAR- TASS for his part that the refugees problem should be settled gradually and parallel with efforts to find a formula for Abkhazia's future political status and for its relations with Georgia. The differences between the two sides tend to aggravate the Geneva dialogue, which is almost one and a half years old.

Ioseliani claimed that the Abkhazian authorities were "preventing the refugees from returning to their homes". He qualified these actions as a "challenge" to the world community. Recalling the January 13 events in Georgia (the attempt of ex-Defence Minister Kitovani and his supporters to launch an offensive on Abkhazia, which was cut short by the Georgian authorities) he warned: Such an action may be repeated if no headway was achieved in the settlement of the refugees problem.

Dzhindzholia, who is chairman of the Abkhazian Council of Ministers, admitted to ITAR-TASS that the repatriation of refugees was recently slowed down. At the same time, he expressed the firm conviction that it "must proceed depending on the progress achieved in the political process". He said that so far the Abkhazian authorities had permitted the return of more than one thousand people, but only 311 had availed themselves of this opportunity. "It is necessary to bear in mind," he noted, "that the political relations between Abkhazia and Georgia remain unsettled and in these conditions the returning people could be used to destabilise the situation."

"The refugees, returning to the places of their permanent residence, must know to what kind of an Abkhazia they are returning, what kind of a republic it is nowadays, and what relations it has with Georgia," the Abkhazian premier stated.

Abkhazia Accepts Autonomy Status

LD1002124695 Tbilisi SAKINFORM in Russian 1210 GMT 10 Feb 95

[FBIS Translated Text] As has been reported from Geneva, yesterday, at the negotiations on the peaceful settlement of the Georgian-Abkhaz conflict in which, along with the Georgian and Abkhaz sides, the Russian and UN representatives are participating, the Abkhaz delegation in effect accepted the proposal made to them through the mediators, on the draft of the federal arrangement of Georgia, granting Abkhazia the rights of a wide autonomy. Experts think that the adoption of such a decision by the Abkhaz side has been caused by a change in the international community's stance towards aggressive separatism after the events in Chechnya.

Talks To Continue in Moscow 15 Feb

LD1002104895 Moscow ITAR-TASS in English 1017 GMT 10 Feb 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Transcribed Text] Geneva February 10 TASS—Participants in a regular meeting of the Georgian and Abkhazian delegations here have agreed to continue the dialogue in Moscow at experts' level. Their meeting, during which they discuss ways to settle the Georgian-Abkhazian conflict, ended here on Friday [10 February].

In the Russian capital on February 15, the two delegations are to continue to discuss a future political status of Abkhazia. On the next day, the four-sided commission on refugees will meet there. The meeting, along with the Georgian and Abkhazian delegations, will be also attended by representatives from the office of the U.N. High Commissioner for Refugees and Russia. Next Geneva meeting of the two delegations is to be held in March.

The present four-day round of talks held, just as the previous ones, under the U.N. auspices and with the assistance of the Russian Federation, has confirmed that Abkhazia's future political status problem remains a stumbling-block in the peace process.

The Georgian delegation proceeds from the principle of Georgia's territorial integrity within the internationally-recognised borders. This condition ensured, Georgia is prepared to grant the most extensive rights to Abkhazia.

The Abkhazian side insists that Georgia and Abkhazia are equal subjects of international law and therefore they should have equal rights, including the freedom to choose whether to live in one country or separately within a contemplated federation or a union state.

Contradictions prevented the delegations from wokring out a joint communique. At the same time, according to expert estimates, the meeting manifested glimmers of hope for a compromise.

On Wednesday and Thursday morning, the two sides managed to reach agreement on a number of elements of a prospective agreement on a joint union state. It is a question of the establishment of a "federal legislative body" which would have powers agreed upon by the sides and whose decisions should be binding throughout a union state.

The two sides tentatively reached understanding on the spheres of joint activities such as, in particular, foreign policy, foreign economic relations, border and customs services, and taxes. Expert opinion is that the provisions discussed contain elements of both a federative and confederative set-up of the country.

Headway towards a compromise became possible, in no small measure, under the impact of the tragic events in Chechnya. The United Nations organisation and Russia again firmly stated at the talks that they proceed from Georgia's territorial integrity and urge the sides to look for accord based on this reality.

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Estonia

EU Commissioner Hopes for Mid-Year Estonia Accord

LD1002113295 Tallinn Radio Tallinn Network in Estonian 1000 GMT 10 Feb 95

[Report by correspondent Mall Malberg]

[FBIS Translated Excerpt] Hans van den Broek, a member of the European Commission, who is visiting Estonia, gave a news conference at the Foreign Ministry two hours ago. He emphasized that he began talks about the European agreement with Estonian Foreign Minister Juri Luik immediately after arrival last night. An integration process is currently underway; its ultimate aim is to turn Europe into a whole again, and Van den Broek emphasized that the European agreement is a particularly significant step in this direction.

Together with Juri Luik, they examined the key points in the agreement and left the details to experts. And as Hans van den Broek emphasized, he hopes that the Estonian-European agreement will be signed before the middle of the year. This is followed by a period which will prepare Estonia both economically and politically toward becoming a full member of the European Union. [passage omitted]

At the same news conference Juri Luik clarified Estonia's key positions for the talks on joining the European agreement. [passage omitted]

In addition, Juri Luik emphasized that Estonia considers it necessary to have vigorous economic and political dialogue, and to coordinate foreign policy with other European Union countries so that a genuine common foreign and defense policy can be shaped. According to the foreign minister, differences of opinion between Estonia and the EU are small and it is expected in Tallinn that the European agreement will be signed within the next few months.

Court Chairman on Danger of 'Administrative State'

WS1002092295 Tallinn BNS in English 1300 GMT 09 Feb 95

[FBIS Transcribed Text] Tallinn, Feb 09, BNS—The appointment of court chairmen solely by the Justice Ministry would signify a major stride towards turning Estonia into an administrative state and contradict the country's Constitution, State Court Chairman Rait Maruste told BNS Thursday [9 February].

A bill on amendments to Estonian legislation concerning courts, the status of judges, and administrative and civil proceedings, which had its first reading in parliament on Wednesday, stipulated that the Justice Ministry would no longer have to coordinate with the State Court the appointment of court chairmen and the number of judges in city and county courts. The bill also gave the Justice Ministry the sole right to review courts.

The State Court chairman claimed there was no need to abolish the requirement stipulating coordination of appointments. "This is incomprehensible. The most important aspect of the issue is the possibility of a systematic error, since Estonia has adopted the concept of a political government, as is known," he said.

In Maruste's words, it is dangerous when a member of a political government, the justice minister, will be the only person to decide court appointments and the number of judges. "If this is the way proposed for building up the court system, it will clearly jeopardize the impartiality and independence of the court, as it will be a political minister who will hold the sway over the courts," he declared.

The State Court chairman added that appointment of court chairmen by the Justice Ministry would also nullify the administrative court procedure. "This is a procedure whereby a citizen or an institution can bring a case against state power. If the court chairman is appointed only by a representative of the administration, court rulings may become subject to the obedience and loyalty of judges, for example, and the procedure will fail to work," Maruste declared.

The bill astonished also court chairmen, Maruste said. "This is not a bill a democratic state ought to pass," he stated.

The Justice Ministry says the State Court should have no say in appointing court chairmen and deciding the number of judges because it is not aware of the actual workload of courts and judges, as it is the ministry that deals with court statistics and analyzes the judges' workload. Also, under the state budget law courts are financed by the Justice Ministry.

"Obviously (the bill is a sign of) an ambition to control and administer the court system," Maruste said.

In Maruste's opinion, a judge cannot be independent under those conditions. "A judge will inevitably have to take into account his relations with his employer, since it is the Justice Ministry that pays his salary and gives him a bonus and, possibly, an apartment," Maruste noted.

Latvia

Foreign Minister, EU Envoy Discuss Latvian-EU Talks

LD0902191095 Riga Radio Riga Network in Latvian 1400 GMT 9 Feb 95

[FBIS Translated Text] To discuss Latvia's accession to the group of EU associate member states, EU commissioner Hans van den Broek is currently visiting Latvia. Meeting Foreign Minister Valdis Birkavs today, the guest stressed that the Baltic states were an indivisible

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constituent part of Europe and their fully fledged membership in the EU is dependent only on meeting real political and economic conditions, and their own readiness to become involved in the union's structure. Birkavs and Van den Brock discussed the process of current talks between Latvia and the Commission of the European Communities on concluding an association agreement. Chances to sign this agreement as early as during France's presidency of the EU, that is approximately during a session of the EU in Cannes scheduled for July this year, were assessed positively.

In addition, the EU commissioner today met Latvian State President Guntis Ulmanis, Finance Minister Andris Piebalgs, ambassadors of member states of the EU residing in Latvia, and representatives of the Saeima Foreign Affairs Commission. But at the moment he is visiting facilities of the Phare [Poland, Hungary—Actions for Economic Reconstruction] program.

Defense Minster Presents NATO With Partnership Program

LD1002101695 Riga Radio Riga Network in Latvian 0800 GMT 10 Feb 95

[FBIS Translated Text] NATO Secretary General Willy Claes has approved the extension of NATO noting that the North Atlantic Alliance will admit states with a stable system of internal security, Latvian Defense Minister Janis Arveds Trapans said after his return from Brussels. The defense minister presented in Brussels the individual Partnership for Peace cooperation program between Latvia and NATO for 1995. Several projects are included in the program, which will allow the armed forces of Latvia and other Baltic states to shape theoretical and practical knowledge and military experience. The majority of the projects included in the program will be financed by NATO. According to the defense minister, Latvia will nevertheless have the opportunity to put forward its demands and chose from the program those activities which are beneficial to Latvia—will in the future present an individual Partnership for Peace program in Latvia every year [as heard].

Birkas: Foreign Policy Does Not Mean Joining CIS

LD0902214695 Moscow INTERFAX in English 1922 GMT 9 Feb 95

[FBIS Transcribed Text] RIGA, Feb 9 (Interfax)—The formulation of the Latvian foreign policy worked out by the Latvian Foreign Ministry and given to parliament for consideration does not provide for joining the CIS structures, Latvian Foreign Minister Valdis Birkavs told Interfax.

Birkavs said that the provisions of the document concerning relations between Latvia and its eastern neighbors mentioned that "Latvia will maintain friendly relations based on the standards of international law and fulfillment of mutual commitments with Russia." Latvia "will build relations based on mutual benefit."

The document on Latvian foreign policy said that "though the hardest problem concerning the withdrawal of the Russian army was resolved, this does not mean that the security of Latvia is no longer threatened as the radio radar station in Skrunda will function until the end of the century, and the Chechen crisis proves the unpredictability of Russia's actions which could represent a serious threat to its neighbors."

At the same time, Birkavs said the document did not mean that Latvia would neglect relations with Russia and newly independent countries.

The policy provides for signing with Russia and the CIS countries treaties on cooperation in the areas of the economy and transport and humanitarian issues. Latvia will also intensify cooperation with Russian regions according to its economic interests, Birkavs said.

The document said that the main task of Latvia's foreign policy was integration with European, transatlantic and other international structures. Primary attention will be paid to joining the EU, NATO and participating in work of the Western European Union and the OSCE].

Ceremony Marks Admission to Council of Europe

LD1002114595 Riga Radio Riga Network in Latvian 1000 GMT 10 Feb 95

[FBIS Translated Text] A telephone has rung in our studio and it is a telephone call from Strasbourg and Latvian radio correspondent Janis Rozenbergs is speaking. Please, Janis.

[Rozenbergs] Hello. A ceremony at which Latvia was admitted to the Council of Europe as its 34th member state has just ended in Strasbourg. Foreign Minister Valdis Birkavs presented to the secretary general of the Council of Europe a document, which attests that Latvia is joining the statutes of this international organization. Birkavs also signed the European Convention on Human Rights, which stipulates that decisions of the international court are binding for Latvia. Latvia will have to ratify the European Convention on Human Rights within two years.

Prime Minister Maris Gailis has said that this is undeniably a joyous event and is one of the steps on the road to the European Union.

Daniel Tarschys, secretary general of the Council of Europe has said that they are celebrating today Latvia's so-called return home when it is again joining European nations. He also called to mind the occupation of Latvia in 1940 by the then Soviet Union. He also said that the difficult work of creating democratic institutions and legislation has been done in the three difficult years since Latvia again proclaimed its independence, which was in 1991.

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Miguel Angel Martinez, the president of the Parliamentary Assembly of the Council of Europe noted that Latvia's admission to the Council of Europe meant that it would continue to follow along the path of democracy and he expressed the hope that Latvia would do nothing but justify its admission to the Council of Europe.

So then, with the Latvian state anthem sounding, the Latvian state flag was raised at the building of the Council of Europe in Strasbourg. It is situated between the Italian and Liechtenstein state flags and is the 34th flag in the family of flags of the European countries.

Saeima Passes Law on Business Income Tax

WS1002112495 Tallinn BNS in English 1804 GMT 09 Feb 95

[FBIS Transcribed Text] Riga, Feb 09, BNS—The Latvian Saeima (parliament) passed Thursday [9 February] the law on business income tax.

Saeima Budget and Finance Committee Secretary Aija Poca told reporters that the law sets equal tax rates of 25 percent for all businesses and simultaneously widens the circle of tax payers.

The law also taxes foreign businesses and their representatives in Latvia.

It says that a tax discount for small businesses will be set at 20 percent of the calculated income tax level.

The tax discount for agricultural enterprises will be 10 lats for every hectare of managed land, with the possibility of making voluntary advances on taxes.

The law will be adjusted to businesses' income tax calculation for the year 1995.

The Latvian Farmers Union (LZS) faction announced that it opposes the law because it does not promote agricultural production or determine increased tax rates. The LZS is reproaching the government coalition for not sticking to its declared agricultural priority in its legislation.

Poca commented that this stand doesn't make sense because the law provides for different tax reductions to producers of agricultural goods.

Lithuania

Slezevicius, Bank Chairman Comment on Economy

LD0902233695 Vilnius Radio Vilnius Network in Lithuanian 1430 GMT 9 Feb 95

[FBIS Translated Text] The exchange rate of the litas against the U.S. dollar will not be changed either this or next year, Kazys Ratkevicius, chairman of the Bank of Lithuania administration board maintained at a news conference held by the prime minister [Adolfas Slezevicius] today.

You have probably guessed already that money was the main point under discussion at the conference. Arturas Matusas reports:

[Matusas] Taking part at the regular news conference held by the prime minister were Adalbert Knobl, head of the IMF mission to the Baltic countries, Peter Cornelius, the IMF representative to Lithuania, and Kazys Ratkevicius, chairman of the Bank of Lithuania board of administration.

Adalbert Knobl said the main aim of the IMF mission to Lithuania is to discover how the program of economic stabilization is being implemented. Knobl believes that this program will yield a significant benefit to Lithuania in the near future, and he mentioned both the reduction of inflation and the overall renovation of economy.

However, large debts by the budget-funded organizations to the power system, amounting to nearly 100 million litas, as well as an excessive number of enterprises which are excluded from privatization lists caused the IMF representatives' concern.

According to Knobl, administration of tax collection in Lithuania is less efficient than that in Latvia and Estonia, and is why changes to taxation laws are needed. This would also help solve budget revenue problems. He also said that it is of great importance to maintain a stable exchange rate of the litas against hard currency.

Kazys Ratkevicius, speaking about the stability of the litas, assured the journalists that despite speculations by some, as he put it, pseudoeconomists, the litas would not be devalued either this or next year.

Hard currency reserves of Lithuania are larger than ample and, together with gold reserve, are worth 550 million litas, Kazys Ratkevicius said. Although hard currency sales are on the increase every month, and reached about $25 million in January, commercial banks, as the main buyers, have already run out of available funds, and therefore the buying fever should come to an end, the chairman of the board of administration of the Bank of Lithuania maintained.

[Words indistinct] a joint statement by the Bank of Lithuania and the government is expected tomorrow.

Prime Minister Adolfas Slezevicius also spoke mainly about the economy. According to the prime minister, in January, inflation increased by 5.7 percent, while prices for foodstuffs rose by more that seven percent. The price of butter, for instance, rose as much as 23 percent.

However, Adolfas Slezevicius said that prices would start dropping again once the winter is over and food production increases in March. Therefore, he maintained, annual inflation should not be higher than 25 percent.

Adolfas Slezevicius also spoke about his oncoming meeting with Russian Prime Minister Viktor Chernomyrdin in Moscow, which is to take place on 24 February. Possibilities for drawing up contracts for long-term gas and oil supplies, as well as prospects for

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economic cooperation are to be discussed during the visit. The future of the Lithuanian archives and Lithuanian citizens' deposits in the Vneshekonombank [a former Soviet monopoly hard currency bank], as well as extradition of state criminals will be discussed.

The prime minister also confirmed that the resignation of Finance Minister Eduardas Vilkelis will be approved on Monday. Among the most realistic candidates to the post of finance minister, the premier mentioned Reinoldijus Sarkinas, who is currently secretary of the Ministry of Economics.

Border Police: Illegal Immigrants Detained

WS1002112595 Tallinn BNS in English 1804 GMT 09 Feb 95

[FBIS Transcribed Text] Vilnius, Feb 09, BNS—28 refugees from Asian countries were detained by Lithuanian border police Wednesday [8 February] during an attempt to illegally enter Poland, officials said.

Border police officer Vladas Radvilavicius said around 400 illegal immigrants are detained on Lithuania's border with Poland each month. Even when Lithuanian officials fail to catch them, Polish colleagues are notified, and as a rule, the refugees are returned back to Lithuania together with their Lithuanian guides, he added.

80 to 90 percent of people who attempt to illegally emigrate to the West are detained, Radvilavicius said. The detainees are deported from Lithuania as soon as their identity and home country are established.

Asian refugees usually come to Lithuania from Russia and Belarus. They pay around 3,000 U.S. dollars to be taken across the Lithuanian border and then the Polish border, or attempt to travel to Western Europe on "some rented barge," Radvilavicius said.

Illegal immigrants detained in Lithuania are handed over to Belarusian authorities, when there is evidence that they came from Belarus.

Nearly half of the 109 refugees detained in western Lithuania last week have been deported to Belarus, said Almantas Gavenas, deputy director of the Lithuanian Migration Department. Others, who had no documents, are still held at detention centers in Vilnius and Kaunas, the official said.

Fighter Claims To Be Chechnya Volunteer

WS1002091295 Tallinn BNS in English 1500 GMT 09 Feb 95

[FBIS Transcribed Text] Vilnius, Feb 09, BNS—There are around 20 volunteers from Lithuania fighting against Russian troops in Chechnya, a Lithuanian-speaking man said in an interview shown by Lithuanian national television Wednesday [8 February] night.

The man, claiming to be one of the volunteers, gave only his first name, Linas. The fighter was dressed in a camouflage uniform and had a Kalashnikov automatic rifle. Television footage did not show his face.

Linas said he had arrived in Chechnya five months ago, was wounded and hospitalized in the Chechen capital, Groznyy, which he abandoned when Russian troops began approaching. The man said he came to Chechnya voluntarily to fight on the side of a nation seeking independence. Linas claimed neither he nor the other volunteers receive any payment.

Russian authorities have accused the Baltic states, including Lithuania, of sending mercenaries to Chechnya, but failed to provide any evidence. Lithuania flatly denies the charge, noting that individuals have the freedom of movement and may have gone to Chechnya for one or another purpose.

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